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United Nations WORLD

THE INTERNATIONAL MAGAZINE

Soviet Policy In The Middle East

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STATE OF THE WORLD

AN INSIDE REPORT ON INTERNATIONAL AFFAIRS—
ANALYSES AND INTERPRETATION OF WORLD
POLITICAL, MILITARY, SOCIO-ECONOMIC MOVES

East-West Cold War—

crux will come at Paris Assembly

THE MAJOR diplomatic battle of 1948 will be fought at the United Nations General Assembly which opens September 21 in the Palais Chaillot in Paris. The chancelleries of both the Western and Eastern powers are preparing themselves for a major showdown there. Both are convinced that this Assembly will mark a turning point—that after it will come either (1) a considerable easing of tension and a workable *modus vivendi* between East and West; or (2) a frank admission that an armament race is inevitable in order to determine the respective strength of the two great half worlds which now face each other so intransigently across a dozen borders.

The Western powers are confident. They feel that the victories over Communist parties in Western Europe will strengthen their hands in this diplomatic jousting match. The hope of the Eastern powers is that the popular appeal and influence of French Communists remain strong enough to stage in Paris spectacular mass meetings and other demonstrations that will foster an atmosphere favorable to their cause.

ASIA: But the ideological East and West are not the only ones preparing themselves frantically. The geographic East, many Asiatic countries and particularly India, want to use the unique sounding board provided by the Paris General Assembly to present the almost-desperate economic plight of Asia and make a plea for more help.

UNITED NATIONS WORLD is informed that many Asiatic governments will clearly portray the deep unrest in their respective areas. They will point out that economic suffering wins new converts daily to Communism; they will put on the Western Powers the responsibility for arresting this trend by supplying swift and substantial aid.

MIDDLE EAST: The Arab States, somewhat unsure of their course since the issue in Palestine is still undecided, are nonetheless preparing for a unified assault against the pro-Israel forces. They may go so far as to threaten withdrawal of oil concessions, and possibly temporary relinquishment of their membership in the United Nations.

The Arab powers feel that Paris offers them a much better political climate than New York. They feel also that the French government, deeply worried about increasing Pan-Arab agitation in French North Africa, will employ its influence as host to the other 57 governments to avoid giving offense to the Arabs.

On the other hand, the Israeli forces feel that in Europe—with its actual knowledge of the sufferings of the Jews under the Nazis, and understanding of their indomitable courage in the various Resistance movements—the fight will favor them. In Paris, they feel sure, they will be less exposed to the constant reproach that the Jewish population of New York has influenced the UN unduly.

LATIN AMERICA: The countries of Central and South America in their turn are determined to use the General Assembly to establish much closer relations with Europe. They plan to renew old economic, political and cultural ties which, interrupted by World War II, have not been fully revived. Some of the Latin American governments are also preparing for an open demand to void the United Nations ban on Spain.

SPAIN: The Franco regime, for its part, will send several of its top representatives to Paris, there "accidentally" to meet and talk with leading UN figures. This pro-Franco offensive will receive its initial impetus when Latin American delegates, particularly those of Argentina, pass through Spain on their way to Paris.

The Spanish Republican forces in exile, deeply divided though they are, count on the French people to lend them influential public support. They are determined not to give a single inch. They feel that to maintain the UN ban against Franco offers the only present hope of effecting a change in the regime.

Many Republican leaders are ready to agree on any kind of constitutional government for Spain that will eliminate Franco and the Falange.

ITALY is hoping that Paris will see one more supreme effort to break the veto which is opposing her entry into the United Nations without the simultaneous admission of Rumania, Bulgaria, Hungary, Finland and Albania.

BATTLE LINE: Insiders expect that during the first six weeks, the Assembly will deal with routine matters and that the great political fight will be joined only after the Presidential elections in the United States.

However, the Russians need not wait to attack. They are expected to open up with their big guns before the election to benefit from the bewilderment of the US delegation on the eve of a possible change of administration.

THE VETO: The smaller powers, with Argentina, New Zealand, Australia, the Philippines, are preparing

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an all-out fight against the veto—but it is unlikely that they will be able to win a single one of the Big Five over to relinquishing this fundamental concept of the United Nations at this time.

The coldest, least co-operative delegation at the General Assembly is expected to be that from the South African Union. South Africa has established headquarters in the famous Champs Elysées Hotel Claridge. There a whole floor has been reserved for a large South African contingent, stubbornly determined to put an end to "ridiculous bolshevik interference in the affairs of South Africa."

THE HOSTS: The people of Paris are watching with considerable delight these large-scale preparations and rejoicing in the knowledge that for the duration of the conference Paris again will be the political capital of the world.

The French Government is making a concerted effort to have Paris ready and equipped for the great international drama. Under the direction of Jacques Carlu, the most brilliant architect-decorator of France, the Palais Chaillot has been transformed to serve simultaneously as the most artistic setting for the Assembly and a most efficient office building. In the marble walls on which hang invaluable tapestries, great holes have been cut, electric motors installed and shaftways built. By September ultra-modern elevators will free the French of the reproach that their great buildings are beautiful but lacking in efficiency. The fountains of the 1937 World Fair will come to life again and millions of gallons of water will jet and flash under many-colored lights while the music of the most notable symphony orchestras of all nations will be piped from shells specially built near the palace.

UNW estimates that at least 6,000 people will attend the Assembly, directly as delegates, secretaries, officials, specialists, newspapermen, or from accredited organizations. Tens of thousands of private citizens are expected from all over the world to witness the great historic pageant. The French are savoring all this in advance. Crowds of cronies in the surrounding bistros spend the evening hours commenting on this setting, on French and world politi

The number of people attendi the General Assembly promises to much greater than at any previo international session. Because of t currency situation, Paris offers much greater attraction than Ne York, with its high dollar price Most delegations intend to ha large groups of advisers and techn cal experts on hand, many of who will bring their families. Most Eur pean newspapers which were on thinly represented at Lake Succe plan heavy coverage.

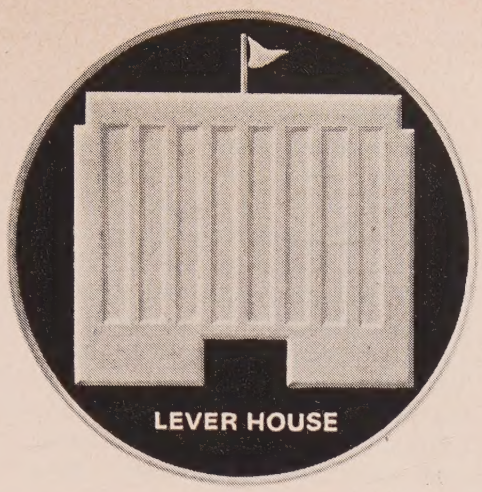
Hotel rooms are already at a pr mium. The government is makin frantic efforts to open up greate housing facilities for visitors to th Assembly. It is assumed that all wi be housed and cared for in the ma ner fitting the tastes and habits high diplomatic personnel.

Somehow, the general feeling that the holding of the Assembly i Paris means more than the choic of a temporary seat and that it den onstrates the rebirth and new impo tance of Europe. In New York General Assembly was usually b one of the events of the town. I Paris it will be *the* event.

Inside Story—
The Tito Crisis

Western Europe was a great dea more excited than the United State by the news of the Cominform brea with the Yugoslavs. Even events i Berlin, with all the immediate dan gers they represent to the peace o the world, were overshadowed b what many Europeans consider th most important event in Soviet his tory since the expulsion of Trotsky The European reaction, the report and editorials in the press, were en tirely different from those in th United States. In the US the new was received with tempered excite ment, distrust of Tito, unwillingnes to forget past policies of the Yugo slav regime, and with some accept ance of the theory that it was a fak fight designed to get Marshall Pla aid for Yugoslavia.

Europeans who are better traine in Marxist dialectics than American discovered immediately the real ur



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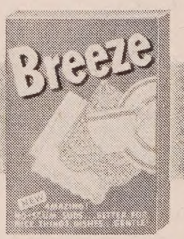


bridgeable break—for they knew the USSR never forgives two crimes of Communists: (1) attacks and unfavorable reflection on the Soviet Union; (2) separation of Marxism-Leninism from Stalinism. The European press was quick to detect these two elements in the Cominform's criticism of Tito's policies and to recognize that they make any reconciliation impossible so long as Tito remains in power.

The Russians would be ready to reconcile themselves to Vice Premier Kardelj despite the fact that he was one of the men named in the blast against Yugoslavia. Their only absolute veto is against Tito and Djilas, for the Soviet Union can never permit independent idols to be erected, and loyalties to be divided, in the new Communist world.

SHIFTING CURTAIN: The greatest speculation, consequently, centers around the probability of strategic changes which may upset the whole Soviet system in the Balkans and disrupt the maintenance of an uninterrupted land front from Stettin to Trieste to the Dardanelles to the Russo-Turkish border in the Caucasus. If Yugoslavia splits away from the Soviet bloc, the Adriatic Sea would be closed despite Albanian loyalty to the Soviet Union. The only indirect outlet of Russia to the Mediterranean would thus cease to exist.

REPERCUSSION: The Tito-Stalin schism is considered of even greater significance for its effect on the Communist ranks in Western Europe. The immediate effect of the Tito affair is already visible in the investigation of all ranks of the Communist Parties everywhere in Europe. Not only various high ranking officials in Politbureaus and Orgbureaus, but small regional officials down to secretaries of cells, are being tested as to their loyalty. Any traveling in Yugoslavia, any contacts with Yugoslav leaders, families or friends, all subject a rank and file Communist today to extreme suspicion.

The most important repercussion of all is discernible in a new line of Communist thought that has appeared. This line is:

Up to the Tito break, a sincere Communist under criticism as an anti-Stalinist had nowhere to go if he wanted to remain a functioning Marxist. He could not go to the Trotskyites, for they represent in his eyes a small and uninfluential sect. He could not go to the Socialists, for he counted them too mild and reformist. He could not, above all, become an anti-Marxist. If he broke with Stalinism, he was a lost sheep.

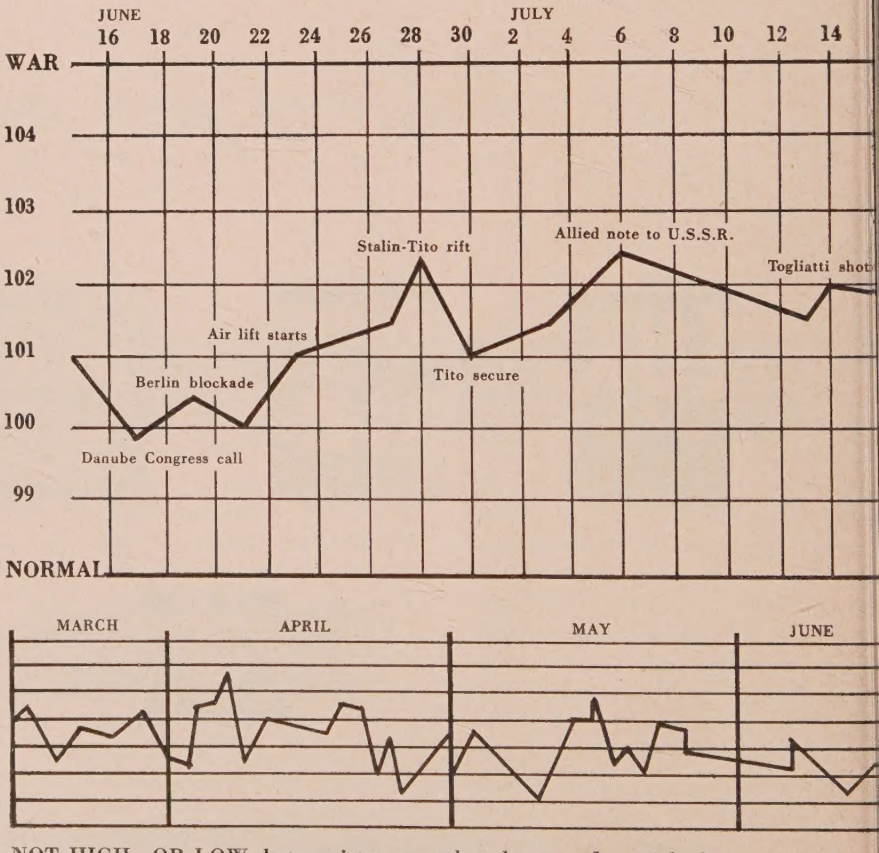
The Tito formula of independent Marxism-Leninism is the solution thousands of Communists have yearned to apply since the Moscow purge trials. Now the road is open. The Communist who joins the "independents" can keep all his beliefs, he can continue to believe in the necessity of co-operation with Russia and in its social reforms, but he need no longer remain subject to the dictates of a foreign power.

Tito's supporters stress constantly that Belgrade is no new Moscow, Tito no Stalin. Their argument is that every Communist unit everywhere in the world must maintain full independence and only co-op ate with other units in those matt which are of common concern to —such as the maintenance of pea economic benefits, international s darity, etc.

The leaders of the Yugoslav gime intend to remain Marxists. T think that, with Yugoslavia's m ture of industrial and agricultu economy and the progress they h made in the campaign to win supp of youth, they are in a good positi to attempt a full-fledged Marxist periment that does not follow stric the Soviet pattern.

THE INSIDE STORY: The Stal Tito rift was the best kept secret the postwar period. The first co dential report of an impending bre reached UNITED NATIONS WOR early in December, 1947. Docume tation was not at that time comple and it was impossible to reveal t development. But in UNW's Mar 1948, issue, the Editors were a to predict a gradual alienation of t Kremlin's affections from Mars Tito.

FEVER CHART OF WORLD TENSION



NOT HIGH—OR LOW, but anxiety over what the next day might bring—in Belgra or Berlin—kept tension up. Low point was June 17 when East and West agreed talk about Danube River traffic. Twin peaks, June 28 and July 6, marked Cominfor criticism of Tito and the West's joint protest to Moscow on the Berlin blockad

Now UNW can definitely report the sequence of events:

The USSR-Yugoslav rift began in 1946. In the early spring of that year, a program drafted by the Yugoslav Economic Planning Commission, then under the chairmanship of elder statesman Moshe Piyade, provoked great consternation in the Kremlin because it displayed a concept of economic independence and reliance upon trade with the West that were severely frowned upon.

The plan was the "Bihatch Program," named for the secret meeting place of Tito's Partisans where, in 1942, in the midst of war, this economic blueprint was first drawn up.

Hope for success of the Bihatch Program was frankly based on (1) substantial reparations from the Axis, and (2) good economic relations with the West, including assistance from the US.

The Yugoslavs served notice that they expected the USSR to aid forcefully in the gaining of reparations. At the same time, Belgrade told Moscow that it would "not look favorably" on Soviet efforts to subordinate Yugoslavia's western trade to "larger political and strategic considerations."

The Kremlin was appalled by such intransigence and Stalin summoned Tito for a conference. "What you are doing is merely to revive the old NEP," he fumed. (The NEP was the "New Economic Policy" of Lenin under which during the 1920's individual entrepreneurs were permitted to function.) When Tito appeared unshaken by these words, the Russian leader reputedly told him: "You are repeating Lenin's old mistakes."

This had the sound of sacrilege to Tito's brain truster Piyade, a contemporary of Stalin who had employed his 16 years in Serbian prisons to translate the works of Marx and Lenin—but no writings of Stalin—into Serbian. It is now known that neither Tito nor Piyade ever forgave this "heresy" on Stalin's part. They are both Marxist-Leninists, neither accept the so-called Stalinist adaptation of the Soviet theoretical and ideological structure of Communism.

At that time in 1946, Moscow still had two important representatives in Tito's inner circle: Andriya Hebrang and Sreten Zujovich. The eventual expulsion of these two from the Tito Cabinet, and their arrest by General Rankovich's secret police, actually precipitated the USSR - Yugoslav present crisis.

It is now known that the conflict between Tito and Piyade on the one side, and the Moscow group headed by Hebrang and Zujovich on the other, had begun during the drafting of the Bihatch program in 1942. It persisted throughout the war and became intensified after it. In 1946, after Stalin's interview with Tito, Hebrang and Zujovich were secretly expelled from the YCP's Central Committee, but allowed to retain their high ministerial positions.

From then on, both Hebrang and Zujovich were regarded as "Moscow stooges," invulnerable so long as the façade of Communist unity was maintained. But when early in 1948, Moscow decided to move in for the kill, Hebrang and Zujovich were transferred directly from their offices in Planning and Finance to cells in the Belgrade Central Prison.

Shortly after the 1946 conference, Tito laid down the line for Yugoslav Communists. "We fought the war on the Bihatch Program," he declared to confidants in November, 1946, "we do not intend to change it."

Soviet reaction to this statement was immediate. Moscow remained silent, but Russian observers on the spot went so far as to voice their disapproval even to British diplomats.

THE CLASH: It soon became clear that the Bihatch Program was being "sabotaged" by the USSR. Without vigorous Soviet support, Yugoslavia failed to gain the *substantial* reparations which she had sought. Then, in September, 1947, the newly established Cominform, declared war on the Marshall Plan, and sought openly to prevent Tito's doing business with the West.

Tito's reaction was renewed determination to see his program through—despite Soviet displeasure or even intervention. The challenge was accepted by Stalin and Zhdanov. The showdown followed.

Establishment of the Cominform's permanent agency in Belgrade rather than being evidence of Tito's solidity with Moscow, was the opposite. It

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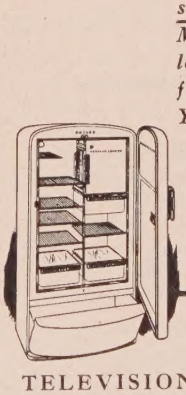

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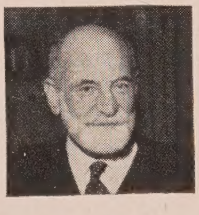

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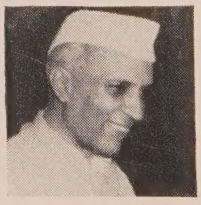

JAWAHARLAL NEHRU

DEMOCRACY:

Democracy demands discipline, tolerance and mutual regard. Freedom demands respect for the freedom of others. In a democracy changes are made by mutual discussion and persuasion and not by violent means . . . It is only small groups who know that they cannot get sufficient popular support, that resort to violence. . . .

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THE ERP:

The European Recovery Program, the International Trade Organization and the extension of the Reciprocal Trade Agreements . . . are frequently considered separately. Yet, in their mutual objective of world economic recovery, . . . they represent a principal objective in the economic foreign policy of the United States.

was, in fact, attempted infiltration. One of Russia's foremost political experts, Comrade Yudin, was selected to lead this work. He was personally supervised by Politbureau chieftain Georgi Malenkov, No. 5 man of the USSR.

During Malenkov's trips to Belgrade, the unheard-of happened. Stalin's confidant, member of the Politbureau, chief of all Russian cadres, holder of innumerable official posts and high honors, was shadowed by Yugoslav secret police as if he were a right-wing political suspect. Comrade Yudin suffered the same indignity.

PEOPLE: It is now evident that the Yugoslav regime is not worried about the possibility of an internal uprising, for Tito wins fresh allegience daily. The Croats are naturally among Tito's most ardent supporters. For the first time in history, a Croat is maintaining his power in Belgrade, breaking a discriminatory pattern established by the Serb Alexander I. The Slovenes played a major role in those partisan units which Tito personally commanded and are now closely attached to his person.

Tito has also always endeavored to win over the Muslims of Bosnia-Herzegovina. And, under his regime, the people from the black mountains of Montenegro, enjoy full recognition for the first time in Yugoslav history.

With the Serbs, too, Tito is more popular now than ever. Reared in a pro-Tsarist spirit, opposition to the Bolsheviks of Russia is no new or unwanted experience for many a Serb.

The Romanovs were first among European royalty to recognize the *parvenu* dynasty of Karageorgevitch. Peter I and later his son, Alexander I, never forgot. They invited displaced Tsarist nobility to settle in Belgrade; they supported anti-Bolshevik movements with Yugoslav funds; they even recognized a Tsarist Embassy in Belgrade for almost a decade after the Bolshevik revolution.

THE ARMY: The Yugoslav Army has been trained to accept Tito's leadership. Its commanding officers come from among Tito's close personal associates of the Partisan days. Political commissars are almost all recruited from Tito's inner circle.

THE OFFICIALS: The only unsafe departments of the Yugoslav government are the Economic and Finance Ministries, the new National Economic Planning Commission, and the Ministry of Education, most of whose leaders were trained in Moscow. On the other hand, the Ministry of the Interior, headed by Gen. Alexander Rankovich, is so dependable that during the whole period of recent purges, no serious resistance developed. Tito, in his elaborate white palace of Dedinje, is surrounded by men who are not only absolutely loyal to his postwar political leadership but who also are inspired by admiration for his war record.

THE FUTURE: It is expected that Yugoslavia now will play a most careful game—for at least six months to a year—so as not to give the slightest pretext for any overt action by its opponents. Even Albanian provocations, undoubtedly inspired by the Cominform, will be largely ignored in order to avoid the least justification for armed intervention.

The place where the Tito regime may make its first demonstration of independence is within the United Nations. The Yugoslav government may be expected to vote both for and against Soviet proposals, or abstain altogether from voting on controversial East-West issues.

Tito's political future is viewed differently by impartial observers and orthodox Communists. Diplomatic experts are convinced that Tito will soon be completely evicted from the Communist world. He will then establish, or try to establish, a firm left-wing political coalition with a strong Marxist complexion, with economic leanings toward the west.

Orthodox Communists, on the other hand, insist that Tito's "boundless ambitions" will lead him toward extreme rightism. They cite the splendor of his entourage, the munificence of his living quarters, the many-karat diamond rings on his fingers, the double row of medals on his chest, and his grand marshal's uniform as manifestations of megalomania.

But, whatever the future may bring, it will be partly shaped by Tito himself. He knows the international machinery of Communism. This was never more evident than

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when the Cominform called its special Warsaw conference to discuss joint action on Germany. The Soviet Union suggested that, in view of the importance of the issue, each Cominform country should send its head of state.

Tito suspected a ruse to get him out of the protection of his security entourage. He made a counter-proposal. He suggested that the conference be attended by Foreign Ministers of the Cominform countries.

Foreign Minister Stanoje Simic is the only prominent non-Communist in the Tito Cabinet. He was expendable.

In Asia: War And Insurrection

"The heart of China is dying," writes a highly placed Chinese. "I never in my life saw such despair." Chiang's new Premier, Wong Wen-hao, a man of good will, seems helpless in the face of the storm. The new Vice-President, Li Tsung-jen, has no real power. Inflation grows. The city cost of living went up 110 per cent in June, and at last accounts the biggest note in circulation, 100,000 Chinese dollars, was worth only 2 cents in American money (see page 45).

The civil war goes against the government. While in Manchuria the Chiang armies in besieged Mukden and Changchun were being supplied by air, the civilians were starving. To the South, in North China, the Communists have unified their control of an area with 44,000,000 population. In the Yellow River region, the Communists, instead of their usual guerilla action, risked for the first time a major offensive at a strategic point.

SOUTHEAST ASIA: All-out military action to put down terrorism in Malaya was begun by the British. Many lives have been lost and much property destroyed in attacks on foreign-owned rubber estates and mines, and it was reported that thousands of guerillas were massed in the jungle. British officials charge that the disorders marked the start of a Communist drive to gain control of Malaya and Burma, with their rich stores of rubber, tin and other strategic materials.

Everybody's German Worry

Parisians who cross the Seine in the vicinity of Notre Dame usually tip their hats to the back of the statue on the bridge: St. Genevieve. The gesture is not routine devotion. It is something like a secret sign, as if telling St. Genevieve they understand.

The statue of the lovely saint faces east, toward Germany, and her orientation is regarded as a constant reminder that danger—to France—always comes from the East.

These days, Parisians look with added respect up to Genevieve as she scrutinizes the clouds on the horizon. They are admittedly uneasy about the enigmatic Russians in Berlin. But they are even more apprehensive about Germany itself.

The German policy of the Western Allies has disturbed the Dutch and the Belgians—but it has profoundly shaken France. The Socialists of Leon Blum are especially disillusioned and fearful. They contend that nationalism is rampant and Nazism resurgent throughout Germany.

In French Socialist opinion, the revival of Western Germany contains three perils:

1. It would endanger France economically, politically, militarily.

2. It would offer considerable propaganda arguments to the French Communists.

3. It would push French nationalists into the arms of General de Gaulle and the extreme right.

BRITAIN: In London, too, several members of Prime Minister Attlee's cabinet show concern about Germany—although not publicly. They are so determined to quench the home fires kept burning by their own pro-Russian groups—and to present a solid front with the US—that they dare not openly voice their private misgivings (see page 64).

GERMANY: While there is official agreement among the Western Powers on Germany, it is merely a smoke screen for disagreement reflected in three divergent policies.

1. The British have all but forgotten the terror of what Churchill called "wicked Nazism." Three years after VE Day, they want a strong Germany as part of the Western European bulwark (Mr. Bevin's favorite word) against possible Russian aggression. But they want also to nationalize industries and introduce other socialistic reforms, not only for ideological reasons but also to foster efficient co-ordination for military purposes.

2. The United States wants a less strong Germany, but she wants it to be the show-window of free-enterprise influence in Europe. And she wants Germany to fit into US patterns of world trade.

15-Second Report on the STATE OF THE WORLD

POLITICALLY: *Storm on the Berlin horizon; sun breaking through over Palestine;*

ECONOMICALLY: *The most promising since the end of the war; production going up on farm and in factory;*

MORALLY: *Fear turns man against himself;*

MILITARILY: *Russian Yak fighters and American B-29's darkening the skies;*

EDUCATIONALLY: *The desire to know, greater than ever; but the means of learning, ill-supplied;*

SPIRITUALLY: *The vacuum created by World War II remains unfilled through anxiety over possible World War III;*

THE UN: *A little better than the state of the world it reflects; triumphant over the truce in Palestine, it girds itself for the most challenging task of all—the resolution of East-West conflict.*

3. France seeks a federation of German states, to forestall a strong central government. She wants a decisive role in the administration of the Ruhr, and, above all, economic and industrial superiority over Germany.

Memories of the 1920's motivate some French apprehensions. And there is a definite opinion gaining ground among neutral observers that among the first acts of a strong German government would be to negotiate a new Rapallo Treaty with the USSR. The French policy seeks, unavailingly, some reassurance from Britain against such a possibility.

Indications that moves are being taken toward a new Rapallo comes from many sources. The USSR, major partner in the Eastern bloc, wants a Germany so tied to the Russian concept that it will never again become a danger to the Soviet Union.

The minor partners of the Eastern bloc see in Germany a direct rival for Russian favors. It is considered not impossible that at some future time, when it comes to weighing the respective advantages of a new German and a continued Polish, or Hungarian, or Rumanian alliance, the policy-makers of the Kremlin will decide for Germany—as they did in 1917, in the 1920's, and in 1939.

If the crystal ball of Europe seems over-cloudy today, it is because the unseen atmospheric storm which rages throughout the continent, in the West and in the East, is causing jitters—psychosomatic symptoms that spread from London to Istanbul, from Narvik to the tip of the last tiny island in the Grecian archipelago.

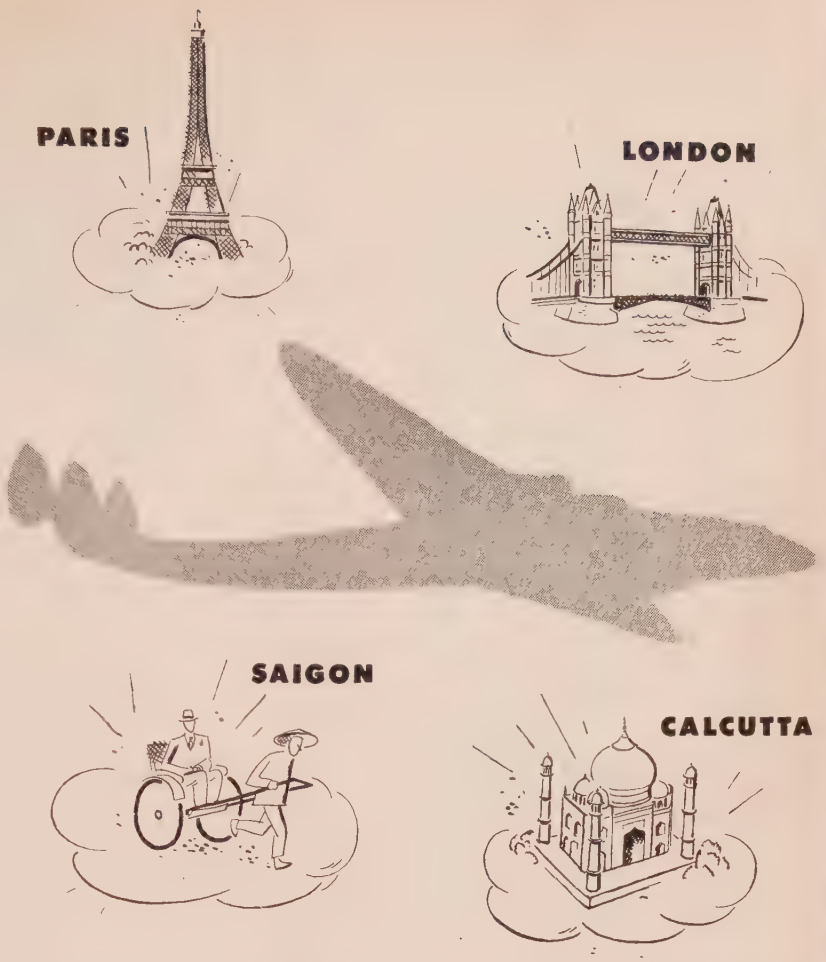
How to Solve

The Berlin Crisis—

See Louis Dolivet's

August Editorial

On Page 64



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ATTEND The General Assembly of the United Nations opening in Paris September 23rd.

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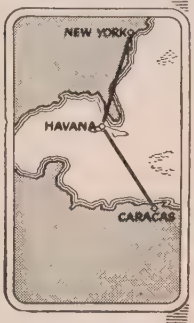

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IN PITTSBURGH: (Left to Right) Thomas W. Phillips, Frank Wilbur Main, J. F. Byers, Jr., Egbert White, Richard Mathewson, Louis Dolivet, Eldridge Haynes.

Letter from the Publisher

EACH MONTH of late we observe a sharper interest in the UN and world affairs on the part of leading American businessmen. Our position as the source of information about this world agency, the problems it faces and the solutions it offers, makes us particularly sensitive to this new trend among the men who are among the top managers of the American economy.

In July, International Editor Louis Dolivet, addressed the National Convention of the Federation of Sales Executive Clubs in New York, and the Annual Sales Convention of the International Business Machines Corporation at Endicott, New York. Writing in the July issue of *Sales Management* about the convention of the Sales Executive Clubs, the editor of that publication says, "The greatest ovation, one of the longest and most spontaneous I ever heard went to [Mr. Dolivet] Editor of UNITED NATIONS WORLD." At the IBM Convention, Mr. Dolivet and General Eisenhower were the only outside speakers.

On July 1st, Mr. Frank Wilbur Main and Mr. J. Frederic Byers, Jr., two of our Pittsburgh stockholders gave a luncheon in honor of Mr. Dolivet, Richard D. Mathewson our General Manager, Mr. Eldridge Haynes, a member of our Executive Committee and myself. This meeting was attended by about 40 leading businessmen of Pittsburgh.

The following week Ambassador Hernan Santa Cruz of Chile and Mr. Dolivet were guests of C. E. Price in Detroit where the meetings included a luncheon with the executives of the Ford Motor Company, a large reception and dinner at the Detroit Athletic Club and a luncheon for about 50 leading business people.

There is recognition everywhere that the United States, for better or for worse, finds itself in the position of exercising world leadership. This responsibility is regarded very seriously by people who are the leaders of opinion throughout the United States. We are happy to note that business leaders in rapidly increasing numbers look to the UNITED NATIONS WORLD for thorough, well balanced, objective analysis and interpretation of international news.

EGBERT WHITE

IN DETROIT: (Left to Right) Jack G. Mullally, John H. Phillips, Louis Dolivet, C. E. Price, Ambassador Santa Cruz, Egbert White, Richard Mathewson.

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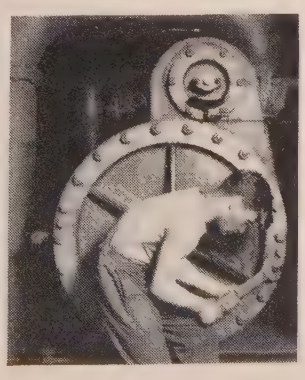

In this photo, a twentieth-century man who lives by steel works with it.

UN WORLD THE INTERNATIONAL MAGAZINE

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The better you live, the more oil you need...

A report on the biggest, hardest most useful year we ever had!..

In this country and through the world, human progress calls for more and more oil. To do their part in meeting the great need for oil in 1947, Standard Oil Company (New Jersey) and its affiliates performed the biggest job in their history. They produced more oil and delivered more products; took in and paid out more money; employed more workers and served more people than ever before. And far more than ever was spent for facilities to meet growing needs – 426 million dollars in a single year, paid for out of past and current earnings of the business. It was a year of great accomplishment; great progress. Here are some highlights from this significant year, based on the Company's Annual Report to its 171,000 stockholders ...

1 **World-wide, the need for oil surpassed all records.** To help meet the need, crude oil production by Jersey Company affiliates was increased 8% over 1946, setting another new record. Their production was 14% of the world's total for the year.

2 **In the U. S., too, the need was at record levels.** Three million more cars to fuel than pre-war; twice as many tractors and trucks on farms; a million and a half more oil-heated homes; five times as many diesel locomotives. Total U. S. consumption of oil products was 11% greater than 1946, 12% greater even than the peak war year. In meeting this need, we set new output records month after month, accounting for 9% of U. S. total crude oil.

3 **The unusually hard winter** made heating oil and kerosene supply a special problem. By extraordinary effort in refineries and hard work and long hours by people all along the line, we were able to deliver about 25% more of these products than in the winter before.

4 **With such big demand, big supply, and rising prices,** money came in—and was paid out—in all-time record figures. Total dollar income reached $2,387,000,000—45% over 1946. Operating charges and other deductions from income reached $2,118,040,000—44% over 1946. A record sum of $466,954,000 was paid to our employees.

5 **Net consolidated earnings** of the Company and affiliates — $269,000,000 —equalled $9.83 per share, or 11.3% of total income as compared to 10.8% in 1946. Dividends of $4.00 per share were paid by the parent Company.

6 **Most important dollar figure of the year** was the 426 million dollars spent for new wells, plants, tankers, pipelines and all the other things it takes to get the oil you need. Part of a billion dollar program covering the two years 1947-48, it was by far the greatest capital investment we have ever faced. The money came almost entirely from earnings, past and current — money made on the job went back into the job.

7 **Transportation of oil was a big job.** During the year, we bought 23 ocean-going tankers from the U. S. Maritime Commission, and early this year we ordered 6 new 26,000-ton, 16-knot ships, the largest we ever operated. Pipelines were pushed to new records—our trunk lines delivering 83 billion barrel-miles, or 11 billion more than in 1946.

8 **In discovering new oil,** we spent 5 times as much as pre-war—16% more than last year. (Altogether, the country's known oil reserves were increased by 600 million barrels during the year, in spite of record consumption.)

9 **Cost of research also increased** — $18,200,000 was spent for new knowledge. Considerable progress was made in finding more efficient and lower-cost processes for making gasoline and other liquid fuels synthetically from natural gas, oil shale, and coal.

10 **Labor-management relations** remained excellent, continuing our exceptional record of industrial harmony. Employee compensation was adjusted upward during the year to help meet rising living costs. A total of $55,396,000 was saved in employee Thrift Plans, of which $20,987,000 was saved by employees and $34,409,000 contributed by the Company and its affiliates.

THE 1947 JOB WAS A BIG ONE. **The jobs ahead are bigger still. In a democracy the responsibility for making a better world rests with the individual and the individual enterprise. It is clear that an enterprise like Standard Oil Company (New Jersey) must exercise a full realization of the social responsibilities of profit—must understand that the peace, advancement, and the security of the people of the world are the best guarantee of the Company's own progress and security. We intend now, as always, to demonstrate in action that the free, competitive American enterprise system is far superior to any other. We believe that the Company and its affiliates are so organized, and their business so conducted, that they will continue to serve people well.**

[*Copies of the full report are available on request. Address Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.*
The earnings statement in this report satisfies the provisions of Section 11 (A) of the Securities Act of 1933]

STANDARD OIL COMPANY (NEW JERSEY)

AND AFFILIATED COMPANIES

BY THE EDITORS OF UNITED NATIONS WORLD

The Air Forces of the Powers

A WIDE GAP EXISTS BETWEEN THE 'HAVE' AND 'HAVE-NOT' NATIONS AND BETWEEN TECHNICAL POSSIBILITY AND OPERATIONAL REALITY

THE letter "X" which US plane builders use to describe experimental aircraft can be applied to all air forces in the world. For all air forces are inevitably experimental. "X" represents the unknown quantity in the algebra of modern aviation. And the equation contains such other components as political exigencies, economic potentialities, psychological imponderables, technical progress, strategic concepts, tactical needs, and above all the potentialities of electronics—radio-guided planes bearing radio-guided missiles.

The continuing tensions of the postwar world find the air forces in midchannel. Despite the immense advances in World War II—in production; in speed, ceiling and maneuverability; in gas-turbine engines and the pilotless aircraft; in radar and bombsight—aviation is lagging in the development of its potentialities.

In the US alone no less than 37 types became obsolete during the war itself—among them the famous Curtiss A-12, the Boeing P-12E, Lockheed C-40, and others. For example, the Grumman F2F with which the Navy began its war against the Japanese had been displaced by this year by the F9F2, not necessarily the latest model, but which in its numerical series suggests the amount of progress achieved in just six years. Similarly, in Britain, the legendary Spitfire and Hurricane have been consigned to the dump heap.

The evidence presented on the following pages indicates a certain stagnation in this vital military field. Top-level strategists and tacticians display an attitude of nervous expectancy as they wait for the scientists and engineers to translate their abstruse calculations to drawing boards and flying fields.

The supersonic plane, which may reach a speed of 1,700 mph in the not too distant future, will require a complete overhaul of all tactical concepts for both attack and defense. Attempts are made to fit this and other planes into the new framework of intercontinental, polar or atomic war—the three new categories which dominate the thinking of today's airmen as they contemplate the air war of tomorrow.

There is one other conclusion which this Battle Order of the World's Air Forces throws into high relief. It is the overwhelming superiority of the Big Three—US, UK, USSR—over the rest of the world. A genuinely effective air force is a colossal luxury which only the very great powers can afford. It demands such tremendous outlays in money, in skill, in organization, in the blending of industrial with military establishments, that an "austere" Britain already finds it difficult to maintain its RAF at a strength consistent with its air power ambitions.

Nevertheless, in the UK, as in the US and the USSR, air force planners think in thousands when they take stock of their first line planes in an immediate operational state; in tens of thousands, when they inventory necessary reserves; in hundreds of thousands when they schedule output in case of war. By contrast, the first line operational strength of Brazil is just 111 planes in a dubious state of preparedness and even ambitious Argentina has a park of only 150 first line planes.

In Indonesia, and in the Middle East, wars are being waged with a handful of planes. The discrepancy between the "haves" and the "have-nots," in terms of air power, was dramatically demonstrated over Palestine. The small Israeli air force proved impotent against the marauding Egyptians; but when a British air field was bombed by over-zealous Egyptian airmen, provoking a squadron of ancient RAF Spitfires to retaliate, a few moments sufficed for the British to knock 5 out of 6 Egyptian planes from the sky.

The Air Forces of the Big Three

GENERAL DATA	AIR FORCES

UNITED STATES
POPULATION: 142,656,000
AREA: 3,623,995 *sq. mi.*

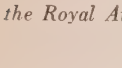
MILITARY BUDGET: *Of the total appropriations the Air Force receives approximately* $2,787,000,000 *in* 1948, *for both maintenance and development, including an approved expenditure of* $1,937,000,000 *to buy* 2727 *new planes.*

Almost exactly 40 years after the air force was established (as the Aeronautical Division of the Signal Corps with but one officer and 2 enlisted men), the Air Force became an independent service within the National Military Establishment. When it reached its peak during World War II the USAAF consisted of 64,591 planes and a personnel of 2,383,000 officers and enlisted men. At present, the US has approximately 25,000 planes of which no more than 7,000 are in actual operation. The scheduled strength is from 475,000 to 600,000 men, to conform with the newly authorized 70 group air force. In 1947, however, the actual strength of army aviation personnel was 324,095 officers and men, just a little over twice that of 1941. Its cash expenditure amounted to $850,000,000. Substantial progress is being made in the development of new aircraft, military contracts still accounting for over 70 per cent of the business of all US aircraft manufacturing firms. Foremost among the innumerable new planes are the supersecret supersonic XS-1, a rocket-powered sub-stratosphere plane allegedly built for a speed of 1,700 mph; the XP-84-85 jet fighter; the B-36, the world's largest land-based bomber; the XF-12 photo-reconnaissance plane; the CB-46 jet bomber; the XC-99, and a very great number of other experimental planes; in addition to a long series of planes now being developed by naval aviation remaining with the US Navy and Marine Corps. On the whole, US Air Force program can be said to be experimentation with its whole organizational structure, strategic concept and tactical plan under new chief of staff, Gen. Hoyt Vandenberg.

USSR
POPULATION: 193,000,000
AREA: 8,308,634 *sq. mi.*

MILITARY BUDGET: 17% *of the national budget spent on the Ministry of the Armed Forces, about* 20% *of which is devoted to maintenance and development of the Red Air Forces.*

The Russian air force, under the Ministry of the Armed Forces, is organized in two major groupings in the West and Far East. There exists an Independent Striking Force directly under the High Command. The militarized formations of the Ministry of the Interior (MVD) and other secret police units have their own air forces. A civilian air organization is maintained as a para-military force and as the reservoir of the Air Force's personnel needs. As to its strength, the USSR Army Air Force is said to have from 8,000 to 16,000 first-line operational planes, with a personnel of 600,000 to 700,000 officers and men. The best available information places the material strength of the Red Air Force at 7,500 first line planes, including such recent developments as the Ilyushin 12 super-transport and the Tupelov bombers, said to be copies of the B-29's. According to Soviet figures, USSR aircraft production amounted to 120,000 planes over a period of 3 years between 1944 and 1946. present-day production is estimated at 60-100,000 planes per year. However, deficiencies of precision instrument production and delays in completing blueprint designs, retard full development of Red Air Force, despite the fact that at the present moment 70,000 scientists and scientific workers aid in meeting material needs of Red Air Force. Stalin's personal interest in air force is regarded as a major boost. USSR also has bomb sights, radar, and other wartime developments, but constant auto-criticisms indicate technical deficiencies. Recent trend in Soviet aircraft development is the building of superior jet planes, patterned after German designs, and long-range bombers, under the over-all supervision of General Tupelov.



UNITED KINGDOM
POPULATION: 48,418,000
AREA: 94,300 *sq. mi.*

MILITARY BUDGET: *The current budget appropriates* £213,625 ($854,500,000) *for the Royal Air Force.*

The Royal Air Force is composed of the Air Council, the Air Ministry (including the Chief of the Air Staff, Personnel, Supply and Organization and Technical Services), the Meteorological Office, the Royal Air Force Regiment, the Royal Air Force Reserve and Auxiliary Air Force, and the Air Training Corps. The Command Organization consists of, I—in UK: Bomber, Fighter, Coastal, Training, Maintenance, Air Transport, Flying Training, and Technical Training commands; II—Overseas: Middle East, and Far East Commands. The Air Estimate for 1947-48 allows an active RAF personnel of 370,000 as compared with 760,000, all ranks, allowed in 1946-47. Allowances for the maintenance of reserve and auxiliary forces have almost doubled since 1947. Total budgetary appropriation amounts to £213,625,000 ($854,500,000). The United Kingdom leads in the development and use of jet and turbo-gasoline engines. Among its best postwar planes are the De Havilland Swallow, the first jet-propelled flying wing fighter; the Vickers Supermarine, a jet-propelled Spitfire; a new 36-ton, 4-engine Lincoln bomber; the Armstrong-Whitworth all-metal flying wing; the RAF Gloster Meteor jet plane; several new Handley Page models, and many others. Great progress is being made in high-altitude planes, details of which are not yet disclosed. Great Britain is working hard to maintain its impressive lead in combat aviation—and in the commercial development of combat planes for sale to other states.

For Analysis of the World's Armies—see the June UN WORLD

Battle Order of Navies in Building—in a Future Issue

The Air Forces of the Rest of the World

GENERAL DATA	AIR FORCES
ARAB LEAGUE POPULATION: 32,160,000 AREA: 1,551,610 *sq. mi.* MILITARY BUDGET: *not available.*	The area's strategic significance is vastly superior to aggregate tactical value of component air forces. Three of post-war world's most important air bases are in the region: US-built Farouk Airfield in Egypt; Iraq's Habbaniya air base, developed by RAF to protect Mosul oil fields; and Saudi Arabia's gigantic new, US-controlled Dhahran air base, in center of oil area near Persian Gulf, capable of accommodating squadrons of operational B-29's. The air forces of the seven countries (Egypt, Iraq, Lebanon, Syria, Transjordan, Saudi Arabia, Yemen) are virtually all equipped with British planes. All their pilots are British trained. Official British air missions are active in Iraq and Saudi Arabia where they established the air forces. Transjordan Air Force is completely run by RAF. Although there are approximately 400 military planes in the area, only about 100 of them are operational front line planes: the six squadrons of Transjordan and some 40 Egyptian Spitfires and Iraq Hawker Fury single-seat fighters.
ARGENTINA POPULATION: 16,108,573 AREA: 1,079,965 *sq. mi.* MILITARY BUDGET: 38% *of national budget.*	Flying a motley variety of craft from obsolete German JU-52's to ultramodern British jet fighters, the revamped Argentine Air Force aspires for hemispheric leadership south of the Rio Grande. Since the spring of 1946, when first British aviation mission arrived in Buenos Aires, Argentina has been the highest-priority customer of British aircraft manufacturers, now has Vikings, long-range, 4-engine Lincolns, various jet models, including 18 twin-jet Gloster Meteor fighter bombers. Intensive domestic aircraft manufacture centers around Cordoba, producing trainers, fighters, and fighter bombers, some after German specifications. Air Force of 150 planes and a personnel of 8,000 officers and men is first of Aviation Ministry's six departments, but has its own autonomous command organization, 4 major air bases, in El Palomar, Cordoba, Mendoza, Parana, Paratrooper school in Cordoba. Naval aviation separate under Ministry of Marine, with air bases at Belgrano, Punta Indio, Fuerte Barragan, Mar del Plata, Madryn, using German, US, and Argentine-built equipment. Chief training establishments in El Palomar and Cordoba.
BELGIUM POPULATION: 8,344,534 AREA: 11,775 *sq. mi.* MILITARY BUDGET: 10%.	Reorganization of Belgian Air Force along British lines and with RAF equipment progresses rapidly, with skeleton air force of 5000 officers and men, organized in 4 operational squadrons (at Beauvechain, Florenne, Brusthem), a transport wing (at Évère), and training establishments (at Comyde, Tirlemont, Saffraenberg). Under Ministry of Defense. GHQ of new air force is at Etterbeek, near Brussels, primarily engaged with organizational rather than combat problems. On the whole, Belgian air force, until 1945 integral part of RAF, is not yet operational as an independent unit and still remains part of the Belgian Defense Ministry and indirectly of the overall RAF defense system.
BOLIVIA POPULATION: 3,457,000 AREA: 419,470 *sq. mi.* MILITARY BUDGET: 30%.	US air mission completely reorganized and re-equipped country's small air force, until today it is one of best in South America. Training establishments in Santa Cruz de la Sierra, Cochabamba, La Paz now graduate an average of 2000 officers and non-coms per year under Ministry of Defense. Air force consists of squadrons (each of 9-12 planes) of fighters, air co-op units, light bombers, and is organized in 4 aviation groups of 1 or 2 squadrons each. Bases at La Paz, Cochabamba, Santa Cruz, Puerto Suarez, Tarija, Oruro. Old German-built equipment replaced by US planes, including Douglas C-47's, Boeings, etc.
BRAZIL POPULATION: 41,356,666 AREA: 3,285,318 *sq. mi.* MILITARY BUDGET: 42%.	Independent Air Force of 15000 officers and men, largest in South America, is built around 2500 planes Brazil received from US during World War II, of which 111 are now operational, 700 in reserve. Air defense organized in 5 zones (Belem, Recife, Rio de Janeiro, Sao Paolo, Porto Alegre), with 3 air regiments, 2 balloon battalions, 2 balloon companies. Training establishments in Rio, Ponto do Galeo, Sao Paolo. US-trained pilots maintain leadership throughout air force.
CHINA POPULATION: 470,026,252 AREA: 4,278,352 *sq. mi.* MILITARY BUDGET: 80% *of national budget allocated to civil war expenses.*	Technical deficiencies of country retard development of Chinese air force, although potentially decisive influence recognized by Generalissimo Chiang Kai-shek, who is chairman of controlling National Commission on Aeronautical Affairs of National Military Council. Largest tactical unit is the group, with 3 to 4 squadrons each. Each squadron is subdivided into 3 flights. US-trained Air Force has a number of bombardment and fighter groups, as well as transport and reconnaissance squadrons. Considerable training establishment with Air Force Cadet School (originally founded in Hangchow by US Colonel J. H. Jouett, in 1932); Air Force Non-Com's School; Air Force Technical School; Air Force Communication School; Air Force Preparatory School (for boys of 12 to 15); Air Force Staff School under British instructors, and a number of other technical and specialist schools, all under American or American-trained instructors. Plans to develop China's aircraft manufacturing industry make slow progress, but several US and British companies show interest in Chinese projects. In the meantime, China depends on imports, and acquired 600 US planes in November, 1947. Chinese pilots are considered potentially among the best of the world, paratroopers the best.

COLOMBIA
POPULATION: 10,500,000
AREA: 447,536 *sq. mi.*
MILITARY BUDGET: 10%.

The Colombian Air Force has come far since it was a handful of Junkers transports. W pilots trained in the US, and equipment supplied by the US, it is now among the lead in South America. Under the Ministry of War it has three Boeing Fortresses, three No American Mitchells, Douglas DC-47's, PBY-50's, and a number of army trainers—a to of 70 planes, most of them used in the aviation school at Cali, by 59 US-trained instructo

CZECHOSLOVAKIA
POPULATION: 12,171,000
AREA: 49,330 *sq. mi.*
MILITARY BUDGET: 20%.

Present Czechoslovak air force is amalgamated successor of two wartime air forces; o formed in the summer of 1940 in England, the other in the summer of 1944 in the USS Shortly after liberation, 4 British-maintained Czechoslovak squadrons transferred to n bases near Prague, followed by Russian-trained units, together forming nucleus of new force under Ministry of Defense. Political controversies at present reduce efficiency a strategic value of air force, being purged and reorganized by officers of USSR group.

FRANCE
POPULATION: 40,517,923
AREA: 212,659 *sq. mi.*
MILITARY BUDGET: 32%.

Postwar air force started with 1287 British aircraft in Armée de l'Air (including 242 Sp fires, 238 Mosquitos, 64 Halifax bombers, 141 Ansons, 185 Wellingtons), and 158 Naval Av tion (including 48 Seafires, 13 Sunderlands, 32 Wellingtons, 65 trainers). Today, Arm de l'Air is organized in 4 aerial regions within Metropolitan France (in Dijon, Paris, B deaux, Aix-en-Provence); 1 region and 3 commands in North Africa; and 5 comman in the French Union, but reorganization is not completed. Sub-ministry within Minist of Armed Forces. New French Air Force plans to take into consideration problems creat by atomic warfare, jet propulsion, and possibility of international air force. French fa tories used by Germans gained competence, are now developing new designs, such as Led O-10, first French jet propelled plane, tested in Toulouse.

GREECE
POPULATION: 7,500,000
AREA: 51,843 *sq. mi.*
MILITARY BUDGET: *Approx.* 35%.

Air Ministry, created in 1929, controls both army and navy aviation. Peacetime organizati consists of 10 groups with 3 flights each (normally 4 aircraft per flight). Present organiz tion is closely guarded military secret, due to outstanding role air force plays in civil w Most equipment British, pilots RAF trained in series of new schools, under overall supe vision of Air Commodore J. A. Gray of the special RAF delegation.

NETHERLANDS
POPULATION: 9,636,486
AREA: 13,396 *sq. mi.*
MILITARY BUDGET: 25%.

Army, Navy and Netherlands Indian Army all have their separate air forces, the la named now on a warlike basis engaged in operations in Indonesia. Until recently Briti Fairey and Hawker planes, and British equipment were standard throughout the fore Various units are now equipped with new aircraft from Fokker plants which started po war operation in January, 1946. Reorganization is not yet completed, despite combat nee in Indonesia; total strength 275 planes.

POLAND
POPULATION: 23,622,334
AREA: 120,782 *sq. mi.*
MILITARY BUDGET: 25%.

New Polish Air Force of 400 planes is completely controlled by USSR. Poland has defense, war, naval or air ministry of its own. Wartime PAF, with a personnel of 13,0 represented most efficient exiled air force operating from English bases. Now many office above rank of major are said to be Russians, as are planes—including PE-2 bombers, IL ground attack aircraft, Yak-3 fighters, and UT-2 trainers, most of them obsolesce Air force is relatively weak, in early stages of reorganization and re-equipment.

SPAIN
POPULATION: 27,374,401
AREA: 190,050 *sq. mi.*
MILITARY BUDGET: *More than* 40%.

The Spanish Air Force, an independent arm since 1939 is, compared with its sister service a relatively minor force, chiefly because of the obsolescence of its equipment, consisting 950 civil-war vintage planes. Force consists of Air Branch, which includes airborne personn including parachutists and Aerial Infantry, with ground duties, including defense airports. Air regions HQ's at Madrid, Seville, Valencia, Zaragoza, Valladolid, Palma, L Palmas, Tetuan, on which a total of 27 bomber, 24 fighter, and 13 recco and army co- squadrons are based. Training establishment of 10 schools, including General Air Academ at San Javier, Air Staff College.

SWEDEN
POPULATION: 6,718,717
AREA: 173,347 *sq. mi.*
MILITARY BUDGET: 25%.

The Swedish Air Force is probably best trained, best organized and best equipped of a air arm on continent, constantly increasing its park of 500 aircraft, with such purchases 90 US P-51's, and a number of De Havilland jet-propelled Vampire fighters. High standa of equipment is maintained by Swedish-built planes and extensive local repair facilitie Force organized in 18 wings, including 9 fighter wings; 2 medium bomber, 2 tactic reconnaissance, and 2 light bomber wings; 1 long range recco wing; 1 torpedo bomb wing; and 1 training unit; with 5 aviation schools. Major air bases and fields at Vastera Hagernas-Stockholm, Malmaslatt, Ostersund, Karlsborg, Satenas, Barkarby, Save-Gotebor Angelholm, Nykoping, Halmstad, Soderhamn, Uppsala, Ronnety, Tullinge-Stockholm.

TURKEY
POPULATION: 18,861,222
AREA: 296,502 *sq. mi.*
MILITARY BUDGET: *more than* 50%.

Air Force is under the direct control of the General Staff, with a total personnel 25,000 and approximately 1050 first-line aircraft of all kinds, organized in a number air brigades, with several air regiments of 2 squadrons each. Exact details of most recen developments are kept secret, but it is known that Turkish Air Force trains in join maneuvers with British RAF, and that its plane park is constantly increased with addition from Britain and US.

The Sources of Soviet Policy in the Middle East

Careful analysis of the record both open and restricted establishes that Russia hopes, through revolutions, to inherit British and American influence—but that she won't fight a war for it

By LADISLAS FARAGO
Senior Editor

On a foggy autumn evening in London, the handful of diplomatic correspondents assigned to Whitehall received an urgent call to Downing Street. There they learned that Russia was to be the sole item on the meeting's agenda; and, at the conference's climax, they were told that "the ravenous maw of Russia is again threatening Britain's paramount position" in the Middle East and Central Asia, especially in Persia.

The date of this press conference was Oct. 23, 1879. It was called by Benjamin Disraeli. The precedent established by a hoary Victorian diplomacy survives to this day.

Thus, for example, an off the record press conference, not unlike the one of 1879, was held at Lake Success on Nov. 17, 1947, during the second session of the General Assembly debating the Palestine problem. "According to information at our disposal," a young, tall Oxford-bred British diplomat told his journalistic audience, "Russia plans to move down the Middle East to the Suez Canal."

Russian "expansionism" was often the bugaboo of British diplomacy during the 68 years which elapsed between those two press conferences. It was given a new lease on life toward the end of 1945, when Britain, emerging from World War II, suddenly found herself confronted with increasingly difficult problems in Iran, Iraq, Egypt and Palestine.

Recent statements issued by various diplomatic and military spokesmen both in Britain and in the US openly accused the Russians of actual aggressive designs on the Middle East. Frequently these spokesmen imply that their charges are based on an existing document.

According to this phantom document, allegedly prepared by the Soviet General Staff, the military plans of the USSR now include a move across the Middle East to the Suez Canal and the Eastern Mediterranean. The plan is said to be motivated by two major strategic considerations—oil and communications. Through a dynamic execution of the plan, the Soviet General Staff is said to expect to deal a dual blow at the western democracies. Their aims are analyzed as being: 1. to deny the UK and US their Middle Eastern oil, and, 2. to disrupt their crucial intercontinental lifeline.

A most diligent and conscientious investigation on the part of this reporter failed to produce this document or to dispel an apparently calculated obscurity that surrounds it. If such a document exists (and is not one of those clumsy diplomatic forgeries by no means rare in the history of Anglo-Russian relations) it would be indeed startling. It would indicate a major deviation from traditional Russian policy.

For, in contrast, there does exist a number of authentic documents—historic and current—which justify some of Britain's recurrent charges, though not the conclusions drawn from them.

Thus, for example, Soviet designs on Turkey and Iran are definitely established on the basis of documentary evidence. On Nov. 13, 1940, in Berlin, Vyacheslav M. Molotov implicitly agreed to Soviet participation in a secret Four-Power Pact designed to "establish the focal points in the territorial aspirations" of Germany, the USSR, Japan, and Italy. The Nazi draft of the pact, including two secret protocols, is extant.

Mr. Molotov carried the draft back home to Moscow, for submission to Mr. Stalin. On the evening of November 25, he called the German Ambassador, Count von der Schulenburg, to the Kremlin. There in the presence of Dekanozov, then Soviet Ambassador to Berlin and now a Vice Minister of Foreign Affairs, Molotov handed the German Ambassador a document which must be re-

Soviet Policy *continued*

garded as the definitive key to any analysis of Soviet designs on the Middle East. It is now known that this Soviet *note verbale* of November 25 was drafted by Molotov and Dekanozov in close consultation with Stalin and reflected Stalin's views and aspirations in amazing detail.

According to the note, the Soviet Government was "prepared to accept the draft of the Four-Power Pact . . . regarding political collaboration and reciprocal economic aid" subject to a series of sweeping conditions. The note listed four specific conditions and added:

"In accordance with the foregoing, the draft of the protocol concerning the delimitation of the spheres of influence as outlined by the Reich Foreign Minister (Ribbentrop) would have to be amended so as to stipulate *the focal point of the aspirations of the Soviet Union south of Batum and Baku in the general direction of the Persian Gulf.*

"Likewise, the draft of the protocol or agreement between Germany, Italy, and the Soviet Union with respect to Turkey should be amended so as to *guarantee a base for light naval and land forces of the USSR on the Bosporus and the Dardanelles by means of a long-term lease. . . .* (Italics mine. L. F.)

"This protocol should provide that in case Turkey refuses to join the Four Powers, Germany, Italy, and the Soviet Union agree to work out and carry through the required military and diplomatic measures."

Unable to accept Molotov's suggested amendments, the Nazis eventually sought to eliminate by conquest the ambition which dictated them.

That its design on the westernmost and easternmost fringes of the Middle East mean more to the Soviet than the manner in which it might be achieved is evidenced by the fact that a proposal almost identical to that made to the Nazis was offered in the half-hearted conversations Britain and France conducted with the USSR in 1939.

This Russian interest in Turkey and, especially, in Iran conforms to the ancient pattern of a wishful Tsarist expansionism. The USSR regards itself as the lawful heir to an "ancient, persistent, and relentless" Russian yearning for an outlet on the Persian Gulf and through the Dardanelles.

Beyond this classical design, there is no tangible evidence of an acute Soviet interest in other parts of the Middle East. An opportunity for closer Russo-German cooperation in the area was provided rather unexpectedly on April 4, 1941, when a pro-Nazi ex-Premier of Iraq, Rashid Ali Bey Gailani, succeeded in overthrowing the pro-British government of Sayed Taha Al-Hashimi and in establishing his own regime with the aid of some military elements.

From the outset of this Arab revolt against the hard-pressed allies, both the British and the US press anticipated prompt Soviet participation on Germany's side and a Russian move into the heart of the Middle East.

WHY RUSSIA RECOGNIZED THE REBELS IN IRAQ

In fact, considerable German pressure was exercised to draw the USSR into the Iraqi adventure. Strongly worded presentations were mads to the Kremlin—but of no avail. Ambassador Franz von Papen and Iraqi Minister Khamil Gheylam tried mightily to persuade Soviet Ambassador Sergei A. Vinogradov in Ankara to gain Soviet military and diplomatic support for the Iraqi rebels.

Military aid was categorically rejected. All the Kremlin could be prevailed upon to do was establish diplomatic and consular relations with the Gailani regime—just a fortnight before British counter-measures succeeded in ousting it from power.

Recognition of the Iraqi rebels was in line with long-standing diplomatic practice of the USSR to grant prompt recognition to regimes produced by national liberation movements. It had no major strategic significance and represented no Soviet decision to move into the crucial area.

There can be no doubt that the USSR has definite designs on the Middle East, but it seems equally evident that they are of a *revolutionary* and not of a *military* nature.

The Soviet Union's current appraisal of revolutionary potentialities in the Middle East is not far different from the conclusion reached at the Baku Congress of 1920. At that time, delegates concluded that, w the probable exception of Turkey a Persia, the Middle East was not ripe for a revolution along Marxi Leninist lines.

Even while the USSR thus ado a wait-and-see attitude as the corn stone of her short-range policy, s believes that time is on her side. S expects that, in the long run, desp temporary setbacks, diplomatic feats and effective military exclusi she will gain paramount influence an area in which the new Angl American coalition now rules preme—and gain it with revolutic ary rather than military forces.

The Russians believe this is sheer wishful anticipation. The Sov Union has done much to gain t respect of various strata of the Mi dle Eastern populations, and merely the discontented. It has record of actual oil imperialis Despite perfunctory alliances wi governments and revolutiona groups both right and left, the USS has refrained from making any re ly binding commitments to anyone even the regional Communists.

Soviet long-range planning pends on a Communist network fun tioning clandestinely in the Midd East. The network consists of astonishingly large number of ganizations, associations, brothe hoods, federations, splinter parti and unions. Most of them work cross purposes, often without visib means of support, and joined t gether only by their orientati toward the USSR in a non-dogmat but unconditional allegiance.

According to a claim issued at t 1947 London Conference of Co munist Parties, there are a total 24,400 "registered" Communists the Middle East, out of a populati of 71 millions. An estimate, pr pared by the United Press in Ma 1947, counted only 13,700 in t area.

My own estimate exceeds bo claims. On the basis of Communi admissions, election returns, the ci culation figures of regional Co munist publications, and other da of primary index value, I belie that Communists and *active* su porters number 126,300 in the Mi dle East. The table on page 19 cla fies the differences in the estimate

Even the third column in th table does not include the worke and employees organized in tra

THREE COMPUTATIONS OF COMMUNISTS IN THE MIDDLE EAST

	LONDON CLAIM	UP ESTIMATE	AUTHOR'S ESTIMATE
Egypt	—	500	7,500
Iran	—	2,000	55,000
Iraq	—	200	2,000
Lebanon	15,000	5,000	30,000
Palestine (a) Arabs	1,000	1,000	5,000
Palestine (b) Jews	400	—	2,000
Saudi Arabia	—	—	100
Syria	8,000	5,000	23,000
Transjordan	—	—	200
Turkey	—	—	1,500
Totals	24,400	13,700	126,300

unions known to be wholly or partly under Communist control. In Egypt alone there are 465 such unions with an estimated membership exceeding 150,000. The Iranian oil workers union embraces about 95 percent of the 60,000 workers employed by the Anglo-Iranian Oil Company. The total trade union membership in Communist dominated labor organizations is now past the quarter million mark.

This potential political grouping is in its period of *Strum und Drang*. At present, Communist or quasi-Communist parties may function openly only in Palestine, and in Iran where strong Communist influence persists in the Tudeh Party. In all other Middle Eastern countries, Communist parties are outlawed and underground.

Outward compliance with the law reduces the strength of Communism in the area. The Stalin portraits travelers once found in many a modest Arab cottage are disappearing. The great wartime popularity of the Soviet Union has waned. And yet, Communist influence remains considerable.

This is largely due to the fact that in the Arab world, the Communists identify themselves with the aims, hopes and aspirations of widespread, intransigent, intolerant, impatient nationalism and irredenta in the region. This well-nigh complete Communist identification with its political environment produces a set of odd contradictions.

Thus, for example, Iraqi Communists participated in the violent anti-British riots of 1948 at the side of the remnants of Ali Rashid's pro-Nazi mob, while in Egypt, Communists ally themselves with the pro-British Nahas Pasha against the anti-British King Farouk.

In Lebanon, Communists set themselves up to defend Christians against the "intolerance of Islam," while in Syria they follow a line of extreme Islamism. Fuad Qaran of Lebanon fought against the French in 1936 and for them in 1943. Dr. Khalil Budayri, a prominent Jerusalem physician, is a member of the Arab Higher Committee and supports the Mufti, while another Palestine Communist, Labib Fuleyhan, defied the Mufti and co-operated with the Jews.

Similar contradictions are reflected in the leading personalities. The head of the Syrian Communists is Khalid Bakdash, a Kurd; Egypt's Communists are led by Henri Curiel, a Jew; Arab Communists of Palestine by Emil Touma, a Christian.

Most of the Communist leaders of the Middle East, like Touma, Salim Khayyas, Nicola Shawi, Dr. Sami 'Alam-al-Din, are wealthy members of influential upper-middle-class families. Also, they are, like Shawi of Lebanon, products of the Jesuit University of Beirut, or graduates of Oxford, like Touma.

The Soviet Union's dependence on such a heteroclite group of zealots is motivated by its realization that in the Middle East situation quality far outweighs quantity. In fact, the astonishing effectiveness of Communism in the Middle East, and its continued growth despite suppression, is due to the integrity, devotion and competence of its leaders. It is commonly conceded that only the Communists as a whole are immune from the financial corruption and political gluttony which is characteristic of so many political leaders in the Middle East.

If any single Communist is to be named as the unquestioned leader of Communism in the vast region, it must be a 47-year old ex-printer named Mustafa Al-Aris. If Communism is to engulf the Middle East in the lifetime of Mustafa Al-Aris, it will be because it has allies vastly more powerful than he. As specified by a survey prepared by Sidney Glaser for the Bolton Subcommittee of the House Committee on Foreign Affairs, they are "destitution, unemployment, illiteracy, oppressive taxation, undernourishment, and starvation, wretched conditions of public and private health, neglect and corruption. . . ." All these factors figure in Moscow's plans.

Self-igniting revolutionary rather than extraneous military action was, in fact, recommended to the Politburo as current policy by the Soviet General Staff in April, 1946, during the Iranian crisis. The recommendations were debated by the Politburo throughout the summer and fall of 1946, and eventually accepted in full toward the end of November.

The Soviet General Staff's opinion was based on classic concepts inherited from its Tsarists predecessors. "One arm resting on Germany, the other on China"—so Peter Tchadayev, historian of Nicholas I, described Russia's traditional military policy. The old policy survives virtually intact—but the Soviet General Staff is increasingly conscious of the facts of contemporary military life.

THE NEW SOVIET APPRAISAL OF THE MIDDLE EAST

Recent Soviet documents to which I have had access recognize the new military significance of the Middle East. One of them, a confidential directive of the Central Committee of the Communist Party set down this appraisal of Palestine:

"It is situated at the approaches to the Suez Canal, the central link of world communications which connects the capitalist centers of Europe with their colonial possessions in Asia and Africa. . . . Palestine, located in the very heart of the Near East could well serve as a base for the imperialist domination of all Arab countries. The aggressive strategy of Anglo-Saxon militarists is closely bound up with the designs of the British and American oil trusts which want to preserve their monopoly over the oil resources of the Arab world."

The main argument of this document is echoed by the Middle East specialist, Vassili Mayev. Writing in *Isvestia*, he said: "The British government . . . is transforming Palestine and Iraq into the principal military bases for the defense of the Suez

Soviet Policy *continued*

Canal route to India and for the domination of the Arab world."

In spite of these military and political evaluations, the Soviet policy on the control of the Middle East is as follows: "*The USSR has no territorial claims in the region, but will never tolerate the transfer of Palestine or any independent Middle Eastern country to exclusive sovereignty of any single power.*"

That sentence is the crux of Soviet policy in the Middle East. It was translated directly, without abridgement or ellipsis, from a current issue of *Voyennaya Mysl* (Military Thinking), the restricted publication of the Soviet General Staff for the senior officers of the Soviet General Staff.

It is to a large degree on the score of "exclusive sovereignty" that Russian and British interests clash in the Middle East. Recent pronouncements of top-ranking members of His Majesty's government—including Defense Minister A. V. Alexander. Foreign Secretary Ernest Bevin and Assistant Secretary of State Maj. Christopher Paget Mayhew—indicate that Britain continues to regard its control of the region as the core of her long-range Middle Eastern policy.

The existence of a firm British policy makes the absence of clear-cut, plausible, workable, long- and short-range Soviet policy keenly felt in the Kremlin. In the early fall of 1943 the Politburo sent Ivan Maisky, then Vice Commissar of Foreign Affairs, on a long fact-finding tour to Egypt. Iraq, Iran and Palestine. Maisky's report was to be the basis for a definitive Middle Eastern policy.

Maisky was the first top-ranking Soviet representative to survey all the political, social, economic, and military aspects of the region. His mission was later followed by shorter inspection trips by Soviet diplomats to areas of temporary tension—especially to Palestine. In May, 1945. Abdul Rahman Sultanov, First Secretary of the Soviet Legation at Cairo, spent some time "on special duties" in Palestine. At about this same time Palestine was host to a Soviet military mission headed by Lt. Col. Karasov. In May, 1946, a Soviet group headed by First Secretary Vassily Petrenko was in Palestine at the invitation of the Mufti-dominated Arab Higher Committee.

Shortly after presentation of the Maisky report the Middle East became the scene of widespread Russian activities which took the following major forms:

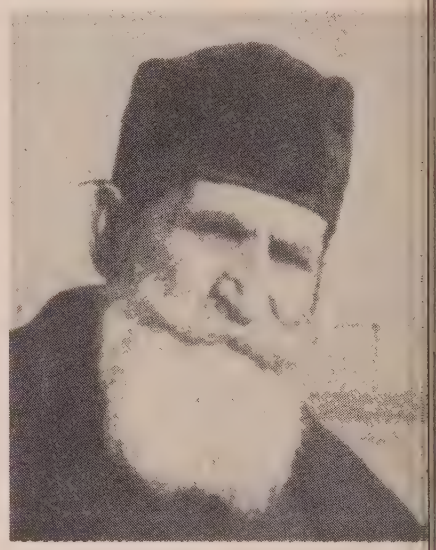
1. Cultivation of minority groups having racial or religious affinity with Soviet ethnic groups (Armenians, Kurds, Druses, Assyro-Chaldeans, Turkomans, etc.), using the clergy, including Patriach Alexei, Archbishop Kostania, and Imam Rassulov as propagandists.
2. Expression of guarded sympathy with regional political organizations, right or left, in any struggle for independence from the West.
3. Dissemination of direct and indirect, overt and covert Soviet propaganda.
4. Direct revolutionary interference in Iran.

The Maisky recommendations resulted in a long series of specific events in which the USSR:

1. Established diplomatic relations with Egypt, assigning two of its foremost Asiatic specialists, Nikolai U. Novikov and Abdul Rahman Sultanov, to the newly opened Cairo Legation.
2. Recognized the republics of Syria and Lebanon, established diplomatic missions in Damascus and Bagdad, and assigned Daniel Solod, another prominent Middle Eastern specialist, as Minister.
3. Sponsored a visit to Moscow by the Greek-Orthodox patriarch, Alexandros III, and arranged for a return visit to Lebanon and Syria by Patriarch Alexei of All-Russia.
4. Sponsored a trip by Prof. Ashot Der Karekini Abrahamian, dean of Armenian studies at Erivan University and secretary of the Armenian Holy Synod, to establish close ties with the 200,000 Armenians in Syria and Lebanon.
5. Established special agency with ministry rank to have charge of Middle Eastern affairs with headquarters in the Soviet Embassy in Teheran; and named Sergei I. Kavtaradze, Vice Commissar of Foreign Affairs, to head it.
6. Established clandestine contact with the fanatic, pro-Mufti faction of the Arab High Committee led by Jamal Al-Husseini, and instructed the communist organization of Pales-

THE CHURCHLY MEN

ALEXEI, RUSSIAN PATRIARCH



ARMENIAN ARCHBISHOP KOSTANIA

SOVIET IMAM RASSULOV

tinian Arabs (the League for National Liberation) to support the Mufti.

7. Instructed all communist organizations to promote the concept of national liberation as the militant revolutionary principle best suited to the Middle East.

8. Supported communist infiltration into trade unions, especially in Iran, Lebanon and Egypt, promoting or exploiting a series of quasi-political strikes. The greatest, in May and July, 1946, involved 50,000 employees of the Anglo-Iranian Oil Co. in Abadan and Agha Jari.

9. Promoted the establishment of a series of front organizations, such as the Lebanese Friends of Soviet Russia, the Iraqi Anti-Zionist League, etc.

10. Arranged for the repatriation of thousands of Levantine Armenians, assigning a First Secretary of the Soviet Legation at Beirut to the task.

11. Assured non-communist revolutionists in Iraq, Iran and Palestine of asylum in neighboring Soviet territories.

12. Arranged for "traveling inspectors" from Moscow and the Soviet Legation in Bucharest to supervise communist activities in Middle Eastern centers.

Just when the Kremlin had put into effect an apparently co-ordinated Middle Eastern policy, a decision of overwhelming significance led to its complete abandonment and the evolution of an entirely new policy.

This new policy is composed of two parts—a firm nucleus and a less firm peripheral portion. The nucleus is a revised Soviet attitude toward Zionism in general and the Jewish State in particular.

Only students of the Soviet Union's long-standing attitude toward the Jewish question, both within and without the USSR, can fully appreciate the evolution of this new policy. Probably most outstanding among such students is Eliahu Ben-Horin, the noted Russian-born publicist who went to Palestine in 1921 and became one of the Jewish community's outstanding newspaper editors. Ben-Horin gives this description of the Soviet attitude toward Zionism, as it existed between 1917 and the early 1940's:

"For years Zionism was taboo in Soviet Russia. All through the Bolshevist revolution, the Red terror and afterwards, Zionism was persecuted more severely than any other national movement. The beloved epithet of the Soviet official literature and propaganda for the designation of Zionists was 'the lackeys of British imperialism'."

As late as August, 1946, the Soviet government appeared to maintain its strict and unrelenting anti-Zionist attitude. A secret directive of the All-Union Lecture Bureau of the Ministry of Higher Education, issued for its itinerant propagandists and providing the official line on all aspects of the Palestine question, contained nothing but vituperations against the Zionists, while embracing the cause of the Arabs.

Chapter 6 of this directive, entitled "Zionism," contains the following typical paragraphs:

"Zionists call themselves the representatives of the Jewish people. But actually, their ideology, political aspirations and methods are grossly anti-democratic. They are alien and hostile to the masses of the Jewish people. . . . The Zionists in Palestine play the part of national oppressors. They came into the country which, for many centuries, had been populated by different people, and, employing methods of oppression and terror, they seek to squeeze out or enslave the native population."

The directive, describing a Zionist state is Palestine as a "reactionary Utopia," cited Stalin as a chief witness to prove that Jews, "who lived in different countries, had no national ties and represented no national community."

Wherever they could, Soviet agents supported the Palestinian Arabs against the Jews. The irony of it all was that the execution of this policy was assigned to the *Yevsektsya*, the Jewish Section of the All-Union Communist Party of the USSR.

Basic in this anti-Zionist attitude of the Soviet was the belief that world Jewry was opposed to Bolshevist aspirations, that Jews were largely non-proletarian, and, therefore, difficult to regiment and communize.

AT A MOSCOW CONFERENCE

TOP COMMUNISTS of the Middle East, Mustafa Al-Aris, left, tall, slender, looking like a western intellectual, is the Middle East's major party strategist. Beside him is Nicola Shawi, editor of the most important underground Communist newspaper in the area.

The reversal of this established policy was long in coming, but it is possible to trace exactly the steps of the final metamorphosis.

In March, 1947, the Politburo instructed the Soviet Consul in Beirut, an important NKVD diplomat named Victor Kungalov, to inspect Palestine. Then, and again early in May, Kungalov visited Jerusalem.

On the surface, Kungalov's missions—on which he conferred only with the Arab High Committee—indicated reaffirmation and continuation of the traditional pro-Arab, anti-Zionist policy. On May 7, 1947, after a conference with Consul Kungalov, Jamal Al-Husseini expressed confidence that "the Kremlin would lend its great weight to the support of the Arab cause against the Jews." He

could scarcely have been more mistaken.

The drift had started even during World War II. At the Teheran conference, Marshal Stalin indicated that the USSR was not completely opposed to establishment of a Jewish state. But the first open indications of a more conciliatory attitude had come during 1945. At the World Labor Conference in London, the Soviet delegate announced that his government favored and proposed to support a projected Jewish state; on Nov. 26, 1945, the USSR made a formal proposal that the Big Five lay the groundwork for such a state.

What was behind this dramatic reversal?

The chief mover of the changed policy was Joseph Stalin himself. He initiated and then promoted it for two major reasons:

1. Genuine sympathy for the Jews of Europe whose fate at the hands of the Nazis had deeply moved him. This emotional motivation was described by Stalin himself to Dr. Emil Sommerstein, leader of Polish Jewry.

2. Recognition of Zionism as providing a possible solution of a disturbing political issue. In Poland, Rumania and Hungary, political tension created by a revived anti-Semitism was so high it would only be relieved by immigration of the remnants of the Jewish populations.

By late 1946 the new policy was fixed in Stalin's mind and discussed in the Politburo. This was the decision which, when made, changed the course of Jewish, Russian—and possibly Anglo-American—history in the Middle East. Evidence that the new policy involved the whole area, and not merely Palestine, came from Stalin himself during an unpublicized conference with Ernest Bevin on May 15, 1947.

Bevin sought the interview on the eve of Egypt's submission of its case against Britain to the United Nations. When the Foreign Secretary arrived in Stalin's study in the Kremlin, he found the Soviet Premier eager to discuss the whole Middle East in general and Egypt specifically. In the course of the conversation the Generalissimo told Bevin that in his view Soviet interest in the Middle East did not conflict with those of Britain—as long as British moves were not directed against the USSR. He gave Bevin definite assurance that the USSR would stay aloof from the Egyptian affair. While it may be doubtful that Secretary Bevin accepted Stalin's assurances at face value, the fact remains that the Russian leader did go on record with these sweeping assurances.

In spite of these developments, the world at large was unaware of Soviet intentions when the Palestine issue was committed to the UN on April 28, 1947. Even in Palestine the small Jewish Communist Party persisted in its older Moscow inspired anti-Zionist stand. As late as April 30 and again on May 7, prominent Arab delegates at Lake Success announced that on the basis of "definite information" the Soviet Union planned to vote against a Jewish state.

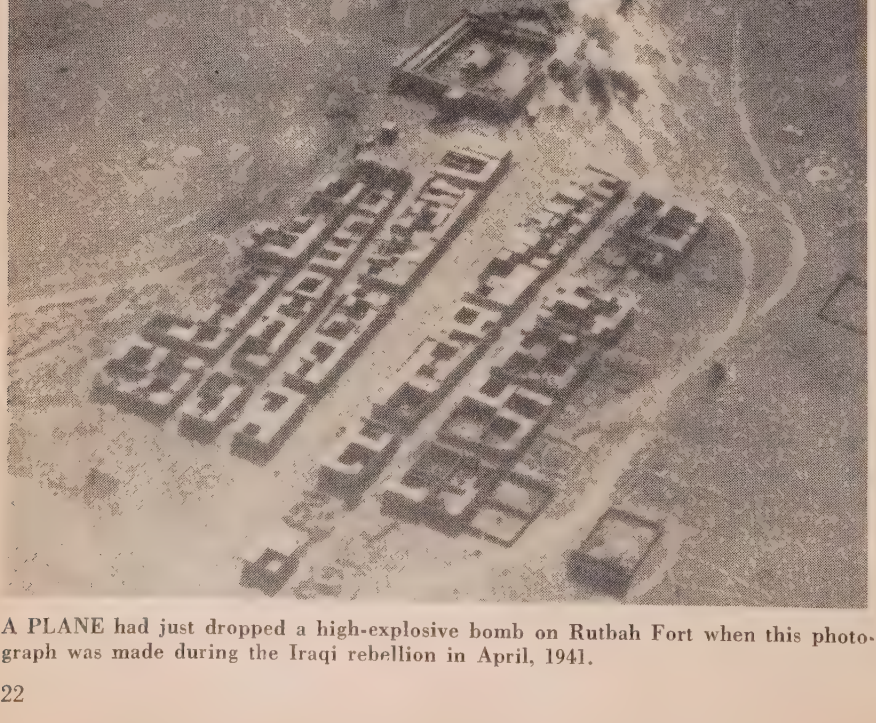
Andrei A. Gromyko, himself, chief Soviet delegate to the UN, apparently shared this misapprehension. On April 27, the night before the Special Assembly convened, delegates from countries of the Soviet orbit approached him and sought his advice on what stand to take on Palestine. In no position to reveal the absence of a directive from Moscow, he assured them that the USSR would have no objection to their acting and voting on their own. Then, some time between May 7 and May 12, 1947, the long awaited instructions arrived. The world on May 13 learned what they were when Mr. Gromyko finally spoke: "The USSR's preference is for a dual or unitarity state; only if it were found that this plan were unrealizable on account of deterioration between Jews and Arabs should a partition scheme be considered."

The Gromyko statement was recognized as the expression of a new and binding Soviet policy for the *whole* of the Middle East, setting the bulk of Soviet influence up as a bloc to British-supported Arab aspirations.

Despite all the competence, integrity and devotion of its leaders, Communism represents no popular revolutionary menace either to the stability of the Middle East or to the aspirations of the West.

Though the Soviet Union will not undertake a war to control it she will not abandon her hope of inheriting it from the United Kingdom and the United States. The problems, fundamental and imposed—political, social, economic and military—which the vast region presents will for long continue to challenge the ingenuity of both East and West. For both will continue to strive for the same goal: eventual control of that immensely valuable parcel of power-political real estate—the Middle East.

THE LAND OF SMALL WARS



A PLANE had just dropped a high-explosive bomb on Rutbah Fort when this photograph was made during the Iraqi rebellion in April, 1941.

The 45 Days of Badoglio

BY
GEORGES IMANN-GIGANDET

Mussolini's successor — by bungling the surrender — set a pattern for suspicion and nonperformance which have plagued US-Italian relations ever since

RECENT elections, in which Italy voted "pro-American," have climaxed nearly five years of "negotiations" between the two nations. It took that long to overcome the mutual suspicions, the memories of unkept promises, the residue of scorn and resentment—all of which had their origin in the 45 days Badoglio ruled in Italy and surrendered it to the Allies.

On July 25, 1943, the day Mussolini fell, Marshal Pietro Badoglio, his successor, broadcast, "The war continues . . ." His ambiguous phrase was meant to quiet German suspicions. But German suspicions were the reverse of quieted. Nazi divisions poured into Italy, followed by a swarm of spies.

Meanwhile the Allies were as mistrustful as Hitler. Unsure of Mussolini's successor, they determined to strike for full surrender with an all-out offensive. Thus the month after Mussolini fell was the war's worst for Italy. From northern tip to southern "toe" her cities were blasted into ruin and death.

Yet, from the start, Badoglio & Co. wanted to surrender and switch sides. On August 10, Badoglio decided to send Gen. Giuseppe Castellano to neutral Portugal to talk with the British Ambassador there. His parting instructions were: "Get the Allies to promise us military aid."

To fool the Germans, Castellano traveled in mufti as "Mr. Raimondi of the Finance Ministry." His announced aim was to meet the staff of the Italian Embassy in Chile, which was en route home from Santiago. The ruse worked. On August 17 he met with Sir Ronald Campbell, the British Ambassador. Two days later Maj. Gen. Walter Bedell Smith, now US ambassador to Moscow, and Brig. Gen. Kenneth W. Strong, now chief of the British Foreign Office's intelligence service, arrived in Lisbon.

That same evening Allied generals faced Italian across a table at Sir Ronald's villa. Castellano hoped to negotiate military aid. The Anglo-Saxons offered only the terms of flat surrender. Smith read off 12 specific demands. Italy's answer must be yes or no.

Eventually Castellano convinced Smith and Strong that he had no authority to give a final answer. He *had* to take the terms back to Rome. They stipulated that on August 26 his arrival home be confirmed, by code, to Allied HQ in Algiers. August 30 was to be the absolute deadline for the Italian decision.

The next day Smith and Strong flew back to Algiers; Castellano and his top-secret Eisenhower papers stayed on in Lisbon to await the Italians from Chile. Held up by bad weather, they arrived late. Only on August 23 did the diplomatic train bearing "Mr. Raimondi" and party start the slow trip to Rome.

En route "Raimondi" entrusted an envelope (without saying what was in it) to one of his companions. The diplomat put it in his attaché case,

BADOGLIO—THE NAZIS SMELLED HIS SURRENDER PLANS

The 45 Days of Badoglio *continued*

which never left his side. He carried it even when he took his cocker spaniel out on platforms when the train stopped. At such stops the dog often was patted admiringly by Gestapo and SS men. Neither they nor the diplomat knew how close to discovery those pats placed Eisenhower's surrender terms.

The staff from Chile did not quite understand why it was traveling with a man from the Finance Ministry. Seeking clarity, the Commercial Attaché asked "Raimondi" a few questions about economics. The general's inept replies convinced the attaché that Italy must be in a bad way indeed to have such donkeys running the country's finances.

Castellano reached Rome on August 27. Badoglio had already sent Gen. Giacomo Zanussi to Lisbon as a follow-up envoy. Of course the agreed-on radio signal to Algiers had not been sent on August 26.

These innocent errors were misinterpreted by the Allies. Either Castellano had been caught by the Germans, they decided, or else his whole purpose had been to learn the Allied plan for landing in Italy.

From there the luck of Badoglio & Co. went from bad to worse, aided by their own failure to face realities. Instead of taking Castellano's report on the American attitude at its real value, his confreres argued that his trip had been wasted. Nothing could be done without a formal Allied promise of military assistance.

Understandably, the Italians feared German reprisals. But the hours slipped by while they agreed that at least 15 Allied divisions must be furnished to defend them; that one airborne division must be landed north of Rome; that Italy must know the landing date, which must coincide with proclamation of the Armistice. In short, Castellano must go talk to the Allies again.

This time the General met Smith, Strong and their aides at a tent in a Sicilian olive grove. The date: August 31. Smith was as inflexible as he had been in Lisbon, and considerably more impatient. He conceded that amphibious and airborne landings could be made to provide the Italians with adequate aid. But — were they going to surrender, or not?

Castellano returned to Rome. He was to return an official answer on the surrender terms the next night at midnight (September 1-2). On the 1st the Government met to hear Castellano. More talk ensued. Again Castellano's deadline was ignored. Not until 7:30 p. m. on September 2 did Castellano appear once more in Smith's tent. He found Eisenhower's aides fuming, and expecting the momentary arrival of the general himself.

Castellano delivered his message. The Italian Government accepted the armistice terms. He was asked to show his credentials. He had none. Exasperated, his hosts put a guard on him and radioed Rome. Written confirmation, they instructed, must be deposited with Sir d'Arcy Osborne, the British Minister to the Holy See. At 4:30 the next afternoon (September 3) the radio reported this had been done.

An hour later, in a field tent amid Sicilian olive trees, the Italian Armistice was signed. General Eisenhower had arrived and was present but did not sign.

The procedure was short, simple and informal. General Smith, in shirtsleeves, placed three copies of the two-page document before General Castellano. The Italian put on his glasses and reread the typewritten text. Then, with a look of resignation, he affixed his name to each copy, heavily crossing the "t" every time. Smith sat down and added his name.

That was that. Eisenhower shook hands with Castellano and his interpreter; so did the other Allied officers. A bottle of whisky was passed around, and drunk straight. This was sheer agony for Castellano, who never touches alcohol. No toast was offered, no glass clinked, no word spoken.

So ended the war for Italy — but it was not ended. On top of past delay and confusion came greater fumbling, more serious negligence. For this Badoglio must be given full blame.

After signing the surrender in Sicily, Castellano stayed on to work out details by which Allied and Italian forces were to counter German vengeance on Italy.

Coincident with Allied landings on the mainland, parachute troops were to be dropped near Rome to seize two important airfields. Three other fields, closer in, were to be occupied in advance by the Italians. Thus the capital would be safe against a German counterstroke.

The plan got a code name: Giant Two. It was to go into effect with the Armistice. Castellano urged that Italy be informed two weeks beforehand of the landing date, but the Allies — still on guard against a doublecross — refused.

They agreed, however, to send word

SIGNING THE ITALIAN SURRENDER AGREEMENT

IN THE ACT of signing is Maj. Gen. Walter Bedell Smith. Already signed is Gen. Giuseppe Castellano, in dark mufti. Behind General Castellano is Brig. Kenneth W. Strong, British master spy who was Chief of Intelligence for Eisenhower.

when the landings were just about to start. The signal would be a pair of broadcasts: one, at 10:30 a.m., would be a report on Nazi intrigues in Argentina; the second, an hour later, a concert of Verdi music.

Five days after the surrender, on September 8, the landings began. They had been preceded by the code broadcasts, both "report" and "concert." But in Rome no one happened to be listening in!

The explanation must lie partly in what Castellano had told the Italian High Command — that he was sure the landings would take place between September 10 and 15. His hearers took his guess as fact. They even decided that the 15th would be D-day.

The truth is that Italy lacked men of real caliber. The weakness implicit in lack of leadership was multiplied manyfold by personal rivalries, jealousies, shady dealings, general bad faith and simple incompetence.

Whether through belief in a miracle, or jealousy of Castellano, incompetence, funk—or all four, the leaders failed. Gen. Giacomo Carboni, chief of Italian military intelligence, deserves special mention.

The era of lies had begun with Badoglio's first proclamation. Less than two weeks later, and four days after Castellano left for Lisbon, there was a meeting of top German and Italian officials in the little town of Tarvisio. Von Ribbentrop, Hitler's Foreign Minister, asked Italy's Guariglia point-blank: "Can you give me your word of honor that you are not negotiating an armistice?" Guariglia gave it — silently adding the qualification that he was not negotiating, he only was *preparing* to negotiate.

After those same negotiations flowered, the Italians took almost no precautions against German reprisals. Clinging to a belief in miracles, they wound up doing practically nothing.

The few last-minute changes in plans only made things worse. Just as a sample, Carboni, who had been commander of the motorized forces which were to support the airborne landings, was suddenly named chief of the Intelligence Section while the surrender arrangements were being made. Perhaps if he had not been burdened with two great responsibilities, he might have handled one well — might even have caught the Allied code broadcast. One cannot be sure. For the day after the muffed broadcasts Carboni vowed his motorized corps was in absolute readiness. Later it proved to be nothing of the kind.

Meanwhile the Allies were ready. On September 7, Brig. Gen. Maxwell Taylor and Col. William Gardiner, reached Rome to settle last-second details. They had been brought by truck, in the guise of captured airmen, to Italian GHQ in the Palazzo Caprara; there they found themselves guests of honor at a sumptuous supper, complete with fine wines and liqueurs. Near the end of the meal an Italian colonel asked casually whether they intended to begin their talks with the Italian High Command next day.

Taylor leaped from his seat. "Tomorrow?" he cried. "Right now! The Armistice will be proclaimed any minute!"

HOW THE AMERICANS WAKED UP BADOGLIO

The Palazzo Caprara rocked in dismay. Salvi hastened to the telephone. Gen. Vittorio Ambrosio, the Chief of Staff, was not even in Rome, so Salvi routed out the Deputy Chief, General Francesco Rossi, and General Carboni. What the latter had to say must have made the Americans think the whole thing was just a bad dream.

No, Carboni said. His motorized corps couldn't occupy the airfields; Kesselring had gotten there first. Besides, the corps only had gasoline and ammunition for two hours. Castellano's original plan wasn't feasible, anyway. A new plan should be drawn up and proclamation of the Armistice postponed a few days.

Taylor cut in, "I've got to see Marshal Badoglio."

The Marshal was sound asleep at home, so they drove pell-mell through Rome's blacked-out streets to wake him up. It literally was a rude awakening. After listening to Taylor, Badoglio made one tense plea: the Armistice proclamation *must* be delayed.

Taylor passed this along to Algiers. He also ordered the parachute landings put off because of Italian unpreparedness. This encouraged the Italians: surely now the Armistice proclamation would be postponed. Surely the Allies would not turn Badoglio down . . .

But the Allies would. The plea reached GHQ at noon, September 8. Eisenhower's response was to announce that he, personally, would proclaim the Armistice at 6:30 that day.

He did, on the dot: "The Italian Government has unconditionally surrendered . . ."

Badoglio & Co. were near hysterics. The Minister of Popular Culture phoned Stefani News Agency, asking it to deny the news. General Carboni suggested to a hurriedly called conference of high officials that the Government should repudiate General Castellano and start all over. Another officer pointed out that the Allies had filmed every step of the signing. The films would appear all over the world.

To these arguments Guariglia and the rest finally agreed. The meeting adjourned with a request that Badoglio broadcast the news to the Italian people. Typically, no one had thought to arrange for air time, and the head of the government had to go to the broadcasting station and wait for a "spot" at 7:45 p.m.

Almost as Badoglio spoke a tired, elderly couple walked into the Ministry of War. The Royal Palace was in danger of bombing. They had been advised to take refuge in the War Ministry. And where were the quarters for the King and Queen? They were led to an ill-furnished suite which hadn't been used in years. Neither had it been dusted; or its electricity connected. Dejectedly the royal couple sat in the dark in two dusty armchairs while their people heard of the surrender.

After the broadcast Badoglio did what might have been expected — he went home to bed. So did Carboni, whose intelligence had reported that the Germans were methodically withdrawing north of Rome. They were doing the opposite. By midnight, hardened Nazi troops were overrunning the capital defenders. At 4 a.m. Badoglio was awakened and another hurried conference called.

It was agreed that Rome no longer could be defended. However, the Government and the High Command still had time to move to a safer location. So did the tiny, aging man and the tall old woman from the undusted suite in the War Ministry.

Badoglio and his aides left their positions of command much as they had entered them at Mussolini's downfall — confused, fearful, unequal to their responsibilities.* Still, they had made peace with the Allies. Italy's stumbling feet were turned toward the road to freedom.

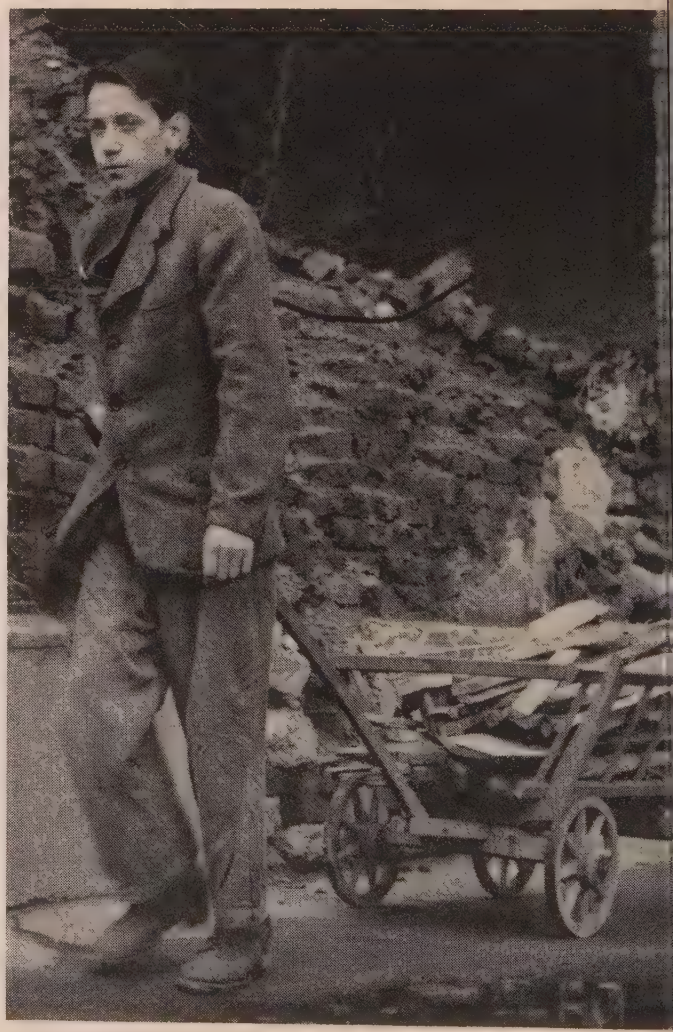
*Badoglio's memoirs are now being published by Oxford University Press.

1. Walter and his mother read a letter from a younger brother, Leo, who is at a camp. Their home is a shabby room in a wrecked arsenal.

2. Walter washes for breakfast with cold water from a cracked basin while Mrs. Berger prepares ersatz coffee on the rickety stove in the far corner.

The Case of Walter Berger

A scrawny European youngster discovers the meaning of the words 'American Friend'



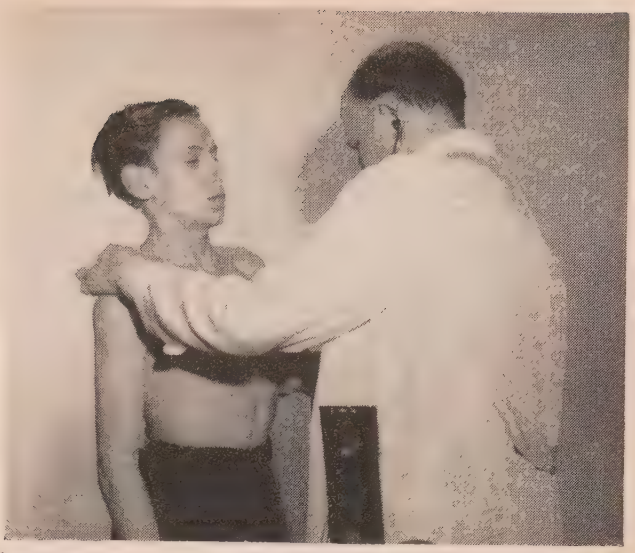
ON A CHILL DAY WALTER HAULS HOME FU

THIS is a simple, human picture story of an Austrian apprentice boy. It is, also, more than that for it concerns the basic ethical concept of the United Nations —that all men are worthy of survival. Finally, it is a record of how one relatively small sect puts that concept into practice.

The Friends number only 166,298 altogether. Yet, their American members annually collect and send out of Philadelphia to the world's distressed food, clothing, medicines worth $6,000,000—plus scores of physicians, nurses, nutritionists, social workers.

A relatively small part of this great program is the American Friends Service Committee's Apprentice Feeding Program in Vienna, where Walter Berger and his widowed mother live. In co-operation with trade unions, the Committee maintains a rest camp near Moosham in mountainous Carinthia where innocent victims of war can be restored to health. Even in a single city, the Committee does much more than this—but the case of Walter Berger demonstrates quite well how these people earn their right to the name of Friend.

3. Walter planes wood with which his master, Josef Kuetten, will repair a bomb-damaged desk. In time Walter will learn to work with fine wood.



4. "You need a good rest and build-up" is the doctor's verdict at the trade union health center. He taps Walter's chest, searching for a hint of TB.

5. Frau Mela Svack questions Walter and arranges for him to spend a month at Moosham Rest Home. His wizened face wears a lost, sad expression.

6. At the mountain camp, Walter is too shy to join the fun. He doesn't know how to play. At right, he watches another try out home made skis.

7. Walter, on board in foreground, half-dozes in the sun, working on a tan. He has been reading a book from the camp's small library during rest hour.

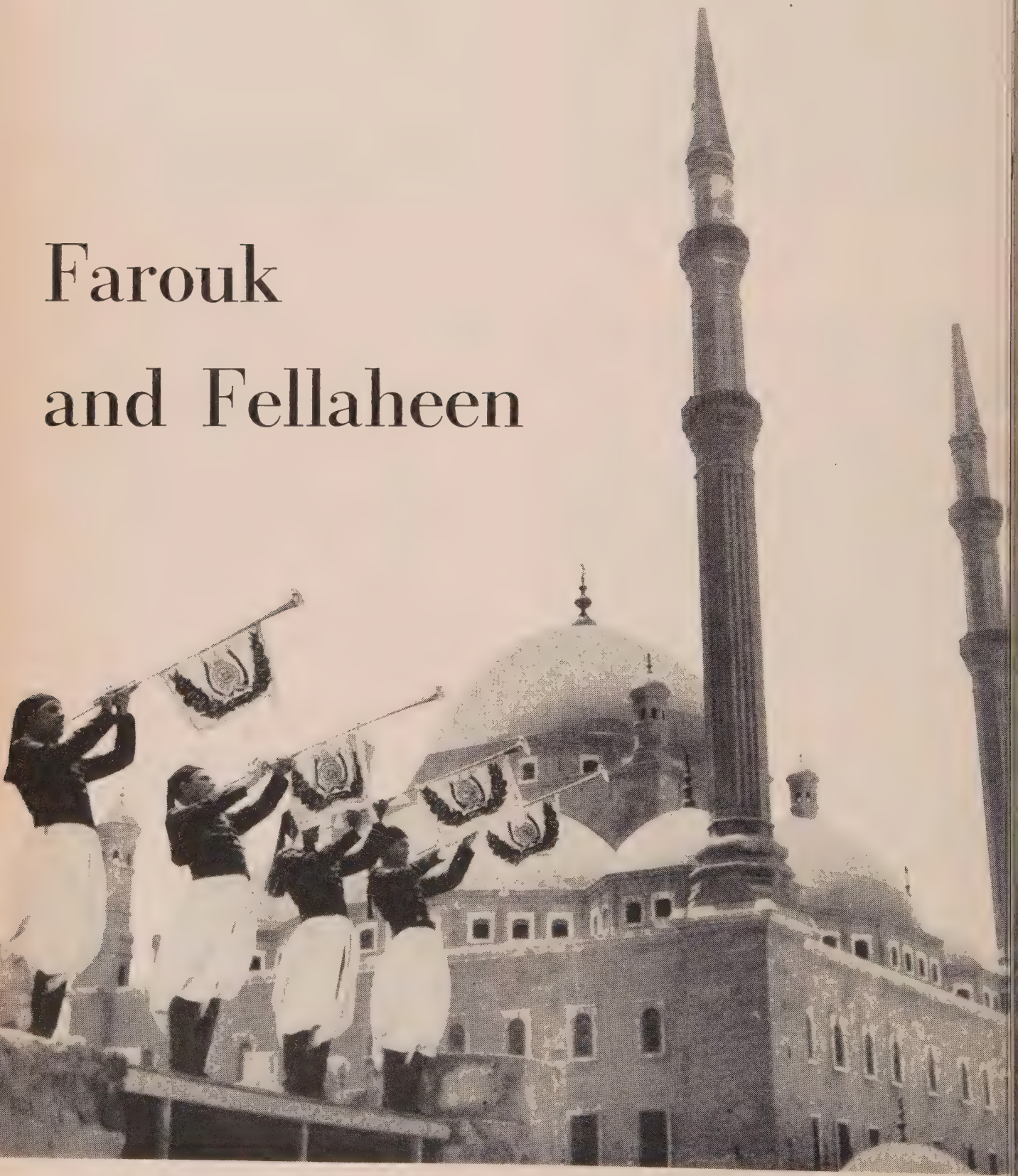
8. Walter has soup, stew, and dessert. At home his worker's ration was only 100 calories. Here, he got 3500, and gained 20 pounds in a month.

Photos by Dickey and Tony Chapelle

BY EMIL LENGYEL
Associate Professor at New York University

**Egypt, land of a royal gourmet,
the richest soil and the saddest peasantry—
forever hungry and plague-ridden,
beset with running sores and blindness**

Farouk and Fellaheen



POMP IN EGYPT. ROYAL GUARDSMEN HERALD RAISING OF THE EGYPTIAN FLAG IN CAIRO

EGYPT is the land of the great contradictions. It is the richest country of the Middle East, and its poor starve. It is the pivot of the Arab League, but its people are certainly not Arabs. Its ruler is neither Arab nor descendant of the Pharoahs but of Albanian ancestry. Egypt's dominant creed is Islam—a democratic religion—and yet its King is God, while its peasants are less than the dust.

As the leader of half a dozen independent Arab countries, Egypt is of great importance. It has the largest population in the Arab group, around 18 millions; and it is at the very core of what geopoliticians called the "heartland of the world." On the all-weather air route of the Old World, cradling the Suez Canal and flanking the approach to the richest oil resources of the globe, Egypt is also neighbor and threat to Israel, the infant nation brought into the world by the United Nations.

Egypt consists of the King, a small number of powerful families, and millions of peasants. Of these only the King and the few families have been counted worthy of consideration.

Ruler of the country is Farouk I ibn Fuad, King of Misr, Lord of Nubia and the Sudan, Sovereign of Kordofan and Darfur, Chevalier of the Order of Annonciade and of the Order of the Seraphines, etc., etc. He is 28, fat, tall, blue-eyed, the first truly independent ruler of his ancient land in about 2.000 years.

Farouk I is the only son of Queen Mother Nazli, who at 54 still wears traces of her former beauty, and of the late King Fuad I. His five sisters are Princesses Fev kieh, Fewzie, Faiza, Faikah and Fathia.

Fuad was a dour person, an ex-exile, an ex-Italian-Army officer, enthroned by his British protectors during the First World War. He ascended his throne without a penny, and when he died two decades later he had a fortune of some $50 million. Nazli was Fuad's second wife, a debonair beauty, known in all the aristocratic nightclubs of the Western World.

Farouk was to be brought up in England in the manner of a young English aristocrat. He was to excel in all gentlemanly sports and to have his education climaxed by a training period at the Royal Academy of Woolwich.

But, Downing Street proposes, and Allah disposes. Though he achieved some fame among aristocratic dowagers as the most perfectly behaved boy in the world and as free-spending "Prince Freddy" among tradesmen, Farouk was not destined to get the final patina of a British gentleman. The year was 1936 and Freddy 16 when Fuad died. Farouk was sent home to be enthroned under a Regency. Two years later he was crowned.

The young King made his home in Cairo's Abdin Palace, which is straight out of the *Thousand and One Nights*. It has a museum collection of chinaware, fantastic tapestries and elaborately expensive furniture. Farouk is also the owner of other dream palaces. The Koubbeh in Cairo is occupied by his mother and some of her daughters. In the summer capital, Alexandria, he has two other magnificent palaces, Ras El-Tin and Montazah.

From the beginning, Farouk has been the creature of Egypt's "two-hundred families." His spiritual tutor, the Rector of Islam's oldest and most famous theological institute, Al-Azhar University, Mustapha Al-Maraghi, a strongly pro-Axis scholar, undertook to de-Anglicize him. The British influence was exerted on him by the great Egyptian geographer and explorer, Hassanein Pasha.

The court camarilla included several highly placed Italians living in Egypt, headed by the palace architect, Signor Verucci. This man, the virtual major domo of Abdin Palace, is also strongly anti-English. Another strong Italian influence is that of the Mosseri banking house which has a mortgage on much of the country. Trading, shipping, agricultural and industrial interests, warped by extreme nationalism, and represented by such persons as Hafez Ramadan Pasha, former Minister of Justice, and Fikri Abaga Bey. Both are leaders in the die-hard nationalist Watani party and powerful courtiers.

The young King was encouraged to take life easy. He became a *habitue* of the super-sumptuous Gezireh Sporting Club of the capital of the ultra-exclusive Anglo-Egyptian Union, of the Royal Automobile Club and of the Club Mohammed Ali.

He excelled at polo, tennis, even at boxing, and was on the point of becoming a daredevil driver when warned to take it easy lest he imperil the royal succession. He has a cavalcade of luxurious motor cars. 10 Rolls Royces in the first string, about 15 Packards in the second. As a youth he lent a royal hand in archeological excavations. Now he collects antiquarian copies of the Koran, coins, watches and stamps.

Once a royal playboy, he has become a royal fat man. Fat is more admired than muscle by Egypt's common man, and there is no denying that Farouk is popular. Even though Egypt is thoroughly Muslim and Allah is the Great King, Egyptians still retain a tendency to Pharaoh worship.

THE KINGLY PICTURE

APPROVED. This photograph of King Farouk shows him still as the handsome young man he was in his early twenties.

Their beloved monarch really works at being king. In order to meet his people he visits a different mosque every Friday. He also likes to play Harun Al Rashid. He travels incognito in one of his luxurious cars or in his equally resplendent royal yacht. "Make way for His Majesty the King in disguise," is the signal of his coming. The cry is in-

Farouk and Fellaheen *continued*

toned by members of his Royal Body Guard, handsome young men wearing clinking chain mail on their shoulders.

Wherever Farouk goes his subjects quiver with eagerness to bask in the light of his smiling countenance, and the line of royal march resounds with the fervent prayer: "Peace on Him and His Descendants."

As evidence of his interest in his subjects, the King recently made a bid for hundreds of thousands of sandals in the United States, to be distributed among his people as a royal gift. The plan failed to materialize, but the good intentions of their ruler were duly made known to the grateful millions.

Farouk's Queen is Farida Zulfikar Fevzire Hanem, a member of the privileged 200 families. The royal couple has no son but three daughters, all of whose names—a heritage from King Fuad—begin with "F."

The great estrangement between Farouk and his English mentors occurred during World War II. The Axis was within striking distance of Suez and the King decided to join the Axis. He had to be careful because Cairo was the British Middle East Command headquarters. Nevertheless, early in 1942, he appointed a viciously anti-British and aggressively pro-Italian Premier, Ali Maher Pasha. The premier had to be acquainted with the British plan for defense of Egypt. Shortly thereafter British Intelligence found the plans on the dead body of an Italian General Staff officer.

One morning thereafter the British Ambassador in Cairo, Sir Miles W. Lampson, later Lord Killairn, and Lt. Gen. Robert G. W. H. Stone called at the Abdin Palace. The Ambassador bluntly told the King that he must either remove the Premier or—as Egypt's ex-King—take the next plane to South Africa. He drew the curtain aside to reveal British tanks at the palace gate and New Zealand troops surrounding the royal residence. The King signed the appointment of a new Premier, Mustapha Nahas Pasha. "You leave me no choice," Farouk told the Ambassador, "but I shall never forget." For hours after this humiliating incident the King went around the palace, crashing priceless china.

The present Premier is Mahmud Fahmy Nokrashy Pasha, a puppet of the King's advisers and their synthetic "Saadist" political party. Egyptian political life is centered arou personalities and not party platfor and principles. The strongest indivi ual politician is still Mustapha Nah Pasha, but he is heartily detested the King who remembers the ignor iny of 1942.

The fact that the headquarters the Arab League is in Cairo is o source of Farouk's importance in t Middle East. Another is that Farou has turned his capital into a Mec for Arab insurgents. Best known these is the former Grand Mufti Jerusalem, Amin Al Hussaini, boso friend of Germany's late Fuehrer an go-between for the two during th war. Another leader in sanctuary the Egyptian court is the legendar Abd-el-Krim, who two decades ag led his Moroccan tribesmen again the Spanish and the French.

CONTRAST IN LIVING STANDARDS—150,000 TO 1

In this country of great wealth an appalling poverty, the King is th richest man. His annual civil list ou of state revenues is $1,730,000, th equivalent of the income of 150,00 peasants.

Nominally Egypt is a "democ racy," but election to the Congress "Barlaman," is made by the privi leged few. Their henchmen guide th hands of the illiterate peasants i

The Anglicized Prince Who Became . .

AT AGE 13, in 1933, Farouk, in Boy Scout uniform, was already subject to British schoolmasters and their influence.

AT AGE 16, still with the soft face of a child, Farouk gave up his English schooling to be trained as king of the Egyptians.

AT AGE 18, the young King, sporting an incipient mustache, takes as his bride the beautiful Farida, then only 17 years old

marking their votes. At the opening of each legislature, Farouk reads a "Speech from the Throne," in which he enumerates all his government will accomplish in the ensuing session. Even when the promise is fulfilled, the benefit to the masses is highly roundabout.

The wealthy families are leaders of Egypt's "nationalist" movement, the slogan of which is: "Egypt to the Egyptians." This means a monopoly for them of the fleshpots of Egypt with no share for the British.

The wealth of Egypt is visible on the terraces of Shepheard's and the Continental hotels in Cairo. There the women of the mighty of the realm display themselves. The appallingly poor Kingdom of Egypt is the largest importer of diamonds, after the United States and Great Britain.

Most of Egypt's wealth is expressed in land, which is regarded as belonging either to the King, to God or to the people. Farouk owns one fifth of Egypt's rich arable land, about one million acres, while the deity has almost one tenth in the form of holdings of the religious foundation known as Waqf. Twelve thousand large landowners own 2,300,000 acres and 3 million small landowners the remaining 1,750,000. Some 15 million Egyptians, most of them peasants, own no land at all.

On the Nile Delta, where the rich alluvial soil is sometimes 75 feet deep and on which the most primitive implements produce twice as much as the best American equipment does in the United States, Egyptian *fellaheen* live in the most degrading poverty. Happy indeed is the peasant who has a piece of land of his own. Most live on the land of absentee owners, little better than slaves.

The average income of a "well-to-do" peasant is $12 to $20 a year. A farm laborer makes an average of a dime a day, and works perhaps half of the year. On such earnings the Egyptians merely survive. Fearing to tease their palates, they bake bread but once a month, so that it will be stale and untempting. A couple of times a year a "rich" farmer can afford to eat meat, but the unfamiliar fare makes him violently ill afterward. Death may follow.

Most huts are of Nile mud patted into place, thatched with rotting straw and "white-washed" with more mud. Chimneys and windows are luxuries. In the living quarters the water-buffalo occupies the place of honor. Wives and children die and are replaced. But when a man's buffalo dies his future dies too. Cramped quarters, hunger, hopelessness, tell on the nerves; homocidal and suicidal manias are frequent along the Nile.

THE PLAGUES OF EGYPT ARE VISITORS STILL

Children are needed in the fields, not in schools. The miserable poor are afflicted with all the plagues of Egypt. One of the worst of them is the dreadful intestinal parasite known as "bilharzia." Egypt's death rate is the highest in the world. Every fifth infant dies before his first birthday.

Even in Al-Azhar University it is common to see blind students. In the villages the children run about with pus-filled eyes, their sores matted with flies. About 90 per cent of the total population is afflicted with some ailment of the eyes. Trachoma is one of the worst.

The literate Egyptian considers himself far superior to the common folk. The Egyptian bureaucrats are lords and masters of the unfortunate peasants. "The peasant public be damned" is their motto.

Could King Farouk dispel the bane of the past, lead his Egyptians out of their House of Bondage, and into a Promised Land in the miraculously rich Delta of the Nile? He is only a young man still. He is ambitious to be great. He needs, perhaps, only to be imbued with the spirit of Turkey's late Mustapha Kemal Ataturk, who had the courage to consign the past to limbo and rebuild his country from scratch.

The Anti-British King of Egypt

THE QUEEN in closeup. She is the daughter of the wealthy Hanem family, and has borne King Farouk three girls.

AT AGE 19, Farouk had exchanged active sports for the gourmet's table, and had begun to work full time at being king.

AT AGE 27, the uniformed King sits to observe through field glasses the Egyptian Army's rifle matches late in 1947.

Tale of Tw

BY TIBOR KOEVES
Travel Editor

THE QUEEN. Wilhelmina, dressed in blouse and tweed skirt, holds horn-rimmed glasses in her ringless fingers.

1948—the happy year in which a proud nation recovered and feted its royalty

THROUGHOUT this month of August and during the first week of September, all over Holland pageants, festivals, parades, reviews, serenades and fireworks will signal a historic triple event: the Golden Jubilee of Queen Wilhelmina, her resignation from the throne at the end of the festivities, and the elevation of her daughter, Princess Juliana, to reign over the Dutch people.

To this series of national events the city of The Hague prepares to add fetes commemorating the 700th anniversary of its founding. The coincidence is fitting and relevant. It underscores the immutably regal character of old s'Gravenhage, as the place is called by the Dutch.

It was a Count of Holland, scion of one of the proudest dynasties of the Middle Ages who selected this sandy site on the windswept North Sea coast for a hunting lodge and surrounded the park with a hedge, or "hage," thus becoming the founding father of what was to be the Residential City of the country of 9,540,000 people and 1350 windmills.

From that moment in the 13th century and until our day, The Hague has remained a stronghold of monarchy, and privileged ground for aristocratic and diplomatic doings.

In the course of centuries in this dignified city, princes and ambassadors have endlessly negotiated alliances, concerts, peace treaties. Here Charles II spent months in suspense enheartened by his faithful Buckingham while England was ruled by the stern Cromwell. Here a few years later English noblemen came to offer the crown of their country to William, the ruler of Holland. And here in the 18th century were stationed the world's craftiest diplomats to decide in unceasing cabals the fate of a changing continent.

True to its destiny, The Hague was the theater of peace conferences again in 1899 and 1907. Then, only one year before the outbreak of the First World War, the nations of the world dedicated there the Palace of Peace, seat of the Permanent Court of International Justice. Today, still the world's highest tribunal, it now functions within the framework of the United Nations.

The sense of history is part and parcel of The Hague's heritage. The center of the city, its most fashionable quarter, is also the site of the oldest buildings. This is the neighborhood of the Vyver, or fish-pond, where the irregular block of buildings called Binnenhof reflects itself in the still water.

The Gothic hall on the east side of the open courtyard, known as the Hall of Knights is perhaps the most ancient edifice extant in Holland. It was erected in 1291 by Count Floris V, and became the nucleus around which the town grew. The other buildings house the Netherland's States General.

This royal city which is not the capital of the land, but the residence of the court and of the government, reminds one at every turn of past monarchs and princes. The Plein, The Hague's main square is adorned by a bronze statue of William the Silent. The large open space of the Buitenhof extends around a statue of William II. The Royal Library is the proud possessor of the prayerbooks of Catherine de Medici, Catherine of

The Hague wears gold braid and an official air—
Amsterdam is a guilder-jingling city of sophisticated merchants –
and both are staid and stubborn, independently and protestantly Dutch

Dutch Cities

ZEELAND STORE SELLS THE FAMOUS SHOES

A WOMAN in stocking feet and white headgear holds a new-bought pair of wooden shoes. At left is a local fisherman's specialty, high boots mounted on *klompen*.

Aragon and Isabelle of Castille. The pride of The Hague, the Mauritshuis, was built by Prince Maurice in 1644. Today it displays such art treasures as Rembrandt's *School of Anatomy*, Jan Vermeer's *View of Delft*, Gerard Dou's *Young Housekeeper*, or Ruisdael's *Distant View of Haarlem*.

Not only the monuments of The Hague, but the whole plan of the city, its broad streets, beautiful trees, gorgeous flowers exhale an old fashioned dignity, an aristocratic quiet. Although a frequent visitor, the Goddess of History seems to walk here on tiptoes, determined to leave unchanged the quietly formal, official character of the place throughout the passing centuries.

THE CITY BUILT ON SAND, EXOTIC TRADE AND INDEPENDENCE

Amsterdam also has a Royal Palace. The rulers of Netherlands spend in it exactly six days each year and it is built on exactly 13,659 piles driven to a depth of 70 feet. These two bits of information go far to explain the character of this extraordinary city.

No consequence of princely whim, Amsterdam began as a modest fishing village on the almost landlocked Zuider Zee. It grew to greatness on its marshy foundation at the price of constant, strenuous struggle against the water and the shifting sands. Amsterdam extends over 90 islands linked by 300 bridges. Not only the Royal Palace, but every other building rests on piles sunk deep into firm clay. The houses of Amsterdam with their dark brick facades, glittering window panes, characteristic gables and red-tiled roofs have been famous

Tale of Two Dutch Cities *continued*

for centuries; but the real miracle is that they exist at all.

Amsterdam's life force is the will of her burghers, strong in their Protestantism, in their stubborn independence, in their genius for commerce and in their love of culture. The Dutch East India Company, most grandiose business enterprise undertaken up to that time was financed overwhelmingly upon the initiative, and with the capital, of Amsterdam merchants.

The "grand trade" between Europe and the East was conducted in convoys sailing from and returning to Amsterdam. The world's best traders, navigators and sailors earned for the burghers a yearly dividend of 40 per cent—and the money promptly went into fostering one of the miracles of art history: the sudden blossoming of a galaxy of immortal masters virtually without any previous tradition.

At No. 4 Jodenbreestraat Rembrandt painted in 1642 the greatest triumph of his great career, the *Night Watch*, symbol of his society, this many sided republic of citizens.

Similarly, the greatest names of philosophy are linked to the city built on the Amsel. Not far from Rembrandt's house, in the middle of the Ghetto was born in 1632 a boy, Spinoza, whose name was to become world famous.

The citizens of Amsterdam admired genius more than genealogy, a circumstance which led them to force their royalty to make its home across the peninsula at The Hague some 40 miles away. Royalty in the busy capital might disturb a man's contemplation of a rare business deal, a painting or a glass of schnapps.

No burgher life was ever more colorful. There was no question here of "flabbergasting the bourgeoise," favorite pastime of romantic French poets, because these bourgeoise were themselves flabbergasting. Into their port came exotic creatures, foreign women, fantastic birds and flowers.

Up to the last war Amsterdam's Zoological Gardens were among the finest in the world as were the Aquarium and the Museum. As it was for Rembrandt and his friends, the Ghetto remained an inexhaustible source of exotic visual delight—whether the model was a merchant, a bride with shining eyes, or a rabbi whose robes had not changed in 300 years.

Today the Ghetto is empty, abandoned, dead. Out of Amsterdam's 120,000 Jews whose forefathers found refuge here from the Portuguese and Spanish persecutions, in the 14th, 15th and 16th centuries, hardly 5,000 have survived.

In general, the Dutch consider that their nation has been hardest hit of all by the war. With Rotterdam devastated, Arnhem destroyed, the island of Walcheren and wide farmlands inundated, port facilities damaged, livestock destroyed, it is easy to see their point.

When Amsterdam was liberated on May 5, 1945, the food stocks of the municipality amounted to 400 pounds of carrots. Small wonder if the slow-burning Dutch hardly used the word "German" any more, replacing it by "Boche." At present another source of disappointment for Amsterdam is the protracted and unpopular Indonesian conflict which retards reestablishment of the city's most fruitful commercial activities. Moreover the Dutch feel that they had a good colonial reputation before the war and they resent its loss.

Yet Amsterdam is used to battles and reverses. Its motto could be that of William the Silent: "Hope is not necessary to undertake nor success to persevere."

Not that the situation is hopeless. Of course, there are grevious shortages, especially in textiles. Streetcars run only to 11:30 p.m., and small irritations are numerous. But in general things have picked up with surprising elasticity. Health is excellent, sports and the arts have completely revived. Amsterdam's 825,000 inhabitants fill its dozen theaters to capacity every night. In the course of the present year one new book appeared every day and a half. Once again the Concertgebouw Orchestra is among the best in Europe.

What could well be a symbol of Amsterdam's and, indeed, of Holland's reconstruction is the unbelievable story of the Dutch Airlines, or KLM, short for Koninklijke Luchtvaart Maatschappij.

In 1940, this oldest airline company in the world boasted 50 airships and, in Schiphol outside Amsterdam, possessed Europe's most modern airport. Repeated bombings

AMSTERDAM'S DAMRAK WITH OUDE KIRK

THE DAMRAK is the city's center—the Oude Kirk is the steeple reaching above the rooftops of the narrow old homes which have been converted into houses of business. Long barges carry wares to the very doorsteps of the buildings mirrored in the canal.

by Germans and Allies laid Schiphol completely waste.

Only a few KLM planes escaped Nazi confiscation. Albert Plesman, KLM's founder and head, was imprisoned. When asked later what he did in captivity he answered: "I planned the postwar expansion of my company."

Today KLM, which employed 1,800 before the war, has over 13,000 on its payroll. In 1939 it carried 780,815 pounds of air freight; in 1947, 2,704,083 pounds. Its fleet consists of more than 70 up to date machines flying a network which, between the first and the last days of 1947, expanded from 39,000 to 62,000 miles.

KLM now connects Amsterdam not only with the capitals of Europe and the Dutch East Indies as before the war, but with South Africa, the United States and South America as well. And, perhaps the greatest miracle of all, it is making a fat profit.

The Flying Dutchman, legendary representative of the skill and courage of a race of master mariners, has come to life again in a modernized version. It is fitting that the rebirth of ancient Dutch virtues and the revival of Netherland triumphs should take place in Amsterdam.

HAGUE SCENE

THE ROYAL CORTEGE arrives attended by mounted and foot guards, for the opening of the States General.

TRAVEL INTELLIGENCE

THE FIRST ASSEMBLY of the World Council of Churches will take place in Amsterdam from August 22 to September 4. Described by Dr. Harry Emerson Fosdick as "likely to be one of the most crucial events in Christian history," the Assembly will consist of representatives of 142 churches from 42 countries. Twenty-eight Protestant and Orthodox churches in America are sending the largest group of representatives ever to attend an ecumenical convocation abroad. Leaders are such notable men as Bishop G. Bromley Oxnam, Dr. Reinhold Niebuhr and Dr. Samuel McCrae Cavert.

The primary purpose of the assembly will be formal ratification of a constitution for the Council. Pronouncements will be made also on religious, social and international issues on the basis of a comprehensive study which has been in progress for the last two years.

THE UNITED NATIONS Transport and Communication Division is preparing to convoke a worldwide conference on the problems of international motor travel. One of the aims will be an international agreement according to the terms of which tourists could drive abroad with no licenses other than their local plates and registration cards.

THE VENEZUELAN Airline announces a new weekend vacation service to Havana, Cuba. Parties will leave New York on a luxurious Constellation at 6 p.m. on Friday and arrive in tropical Havana five hours later. After two days in Havana, the return trip will be made Sunday night, also in five hours.

AIR TOURS to Alaska are being organized this summer for the first time. In co-operation with American Express, Alaska Airlines has scheduled a series of seven 14-day air excursions out of Seattle and Great Falls. Each will allow 12 days of sight seeing.

VISITORS TO France arriving in the country for a stay of three months or less now may obtain ration cards in any city hall simply on presentation of passport or travel paper.

EDINBURGH announces last-minute changes in the program of the 2nd International Festival of Music and Drama to be held August 22 to September 12. Dr. Wilhelm Furtwaengler will conduct the Italian Augusteo Orchestra at two of six concerts. Victor de Sabata will be unable to leave South America in time. Due to difficulties in manufacturing special scenery and equipment, Orson Welles and the American National Theater and Academy will not appear. Instead, John Gielgud will present "Medea" with Eileen Herlie in the title role.

The highlight of the Festival will be the appearance of a brilliant array of soloists: Alfred Cortot, Gregor Piatigorsky, Louis Kentner, Segovia, Yehudi Menuhin, Arthur Schnabel, Michelangeli, Enrico Mainardi and others. Chamber Music ensembles will feature the Hungarian Quartet, the Trio de Trieste, the Robert Masters Quartet, and the Carter String Trio. Orchestras will include Amsterdam Concertgebouw Orchestra, Liverpool Philharmonic Orchestra, BBC Scottish Orchestra, Halle Orchestra, BBC Symphony Orchestra, Augusteo Orchestra of Rome. An International Festival of Documentary Films will be added to the program for the first time.

A TRIANGLE TRIP connecting Los Angeles, San Francisco and Honolulu costing $270 plus tax will be available to the public according to an announcement by Pan American World Airways. Through agreements with United Airlines, Western Airlines and Southwest Airlines it will be possible for a traveler to start at any of these three cities and complete the circuit for Pan American's basic-round trip fare between the Coast and Honolulu. Thus tourists en route for Honolulu will be able to visit both the motion picture capital and the great port city of San Francisco without extra transportation cost.

ANNOUNCEMENT of a *United Nations World* Tour to Europe in connection with the UN General Assembly in Paris has aroused nationwide interest. The unique program of the tour including a reception by the French government, and the exceptionally low prices, from $490 up, have attracted a distinguished group of travelers eager to make the 20-day trip. Among them are Mrs. William Dick Spoborg, consultant on international affairs of the General Federation of Women's Clubs, and Mrs. Chester Williams, wife of the Public Liaison Officer of the US Delegation to the UN.

How World's Cartoonists See

TRYGVE LIE and

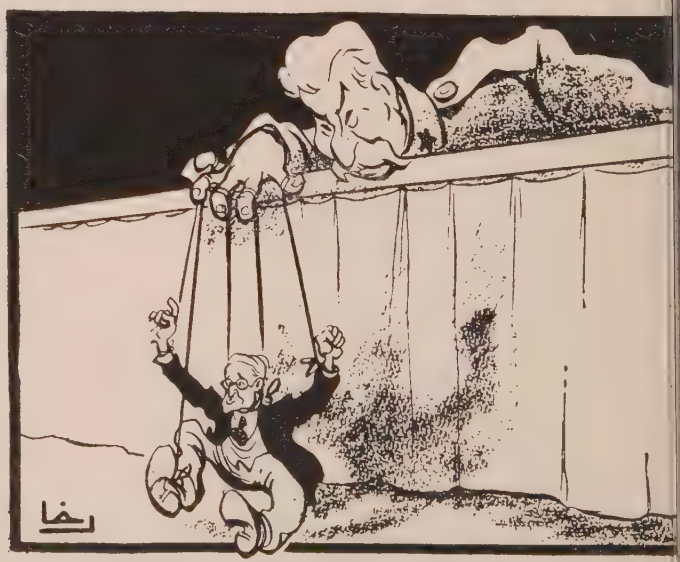
THE COLD WAR . . .

THE ARAB VIEW

OF UNCLE SAM

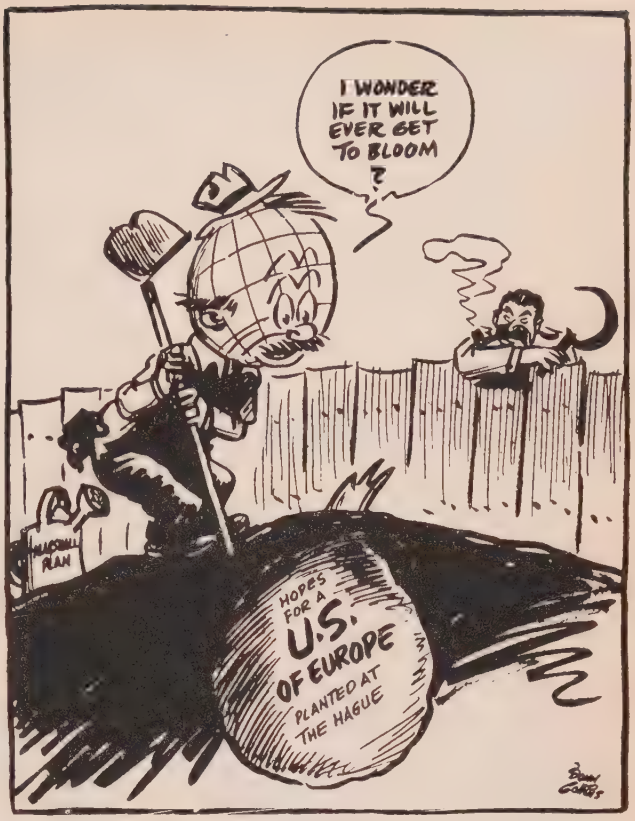
(In Berlin)—"Watch out! One step backwards—"
(Labels: Russian Marks, Allied Marks, Allies, War)
Excelsior, Mexico City

Uncle (Sam) (Sam means "poisonous" in Arabic)
Akher Saa, Cairo



"Who can say I am not playing this Palestine game by myself"
Achbad Alyuoum, Cairo

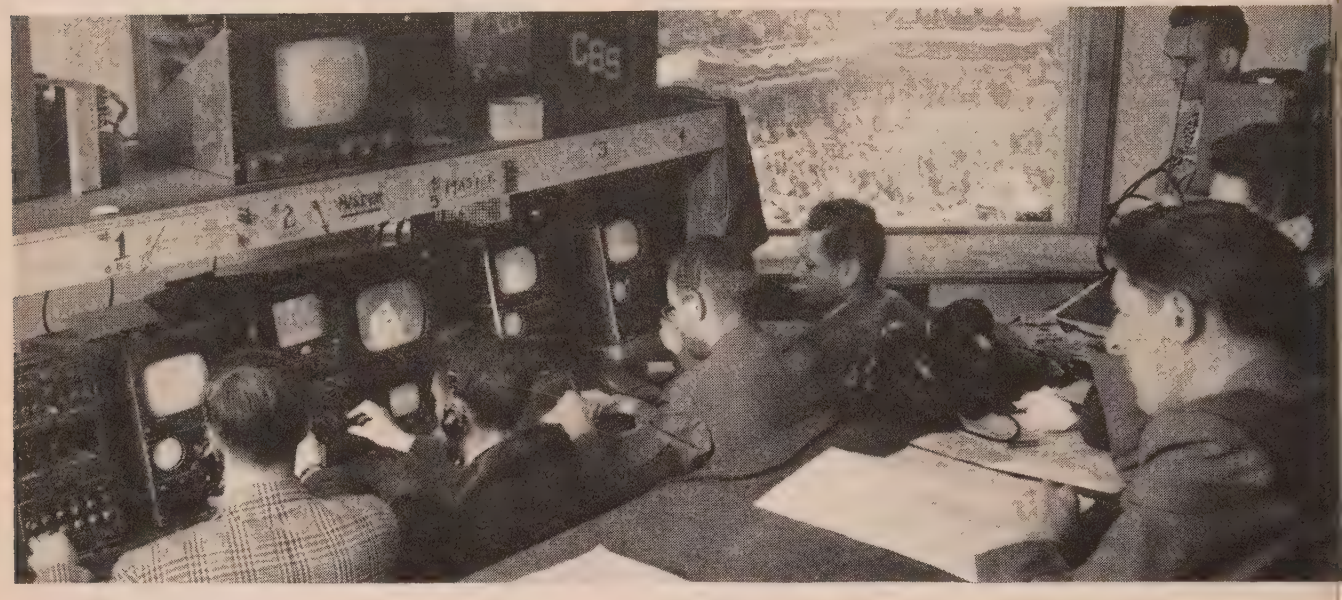
Governess: "Don't dare to shake his hand."
(Labels: US people, USRR people)
ba, Prague



Dutch Bulb
Gazette, Montreal

World's Cop (Trygve Lie): "It isn't easy to overtake that fellow."
rgenbladet, Oslo

Television ITS PAST AND FUTURE AND ESPECIALLY ITS PRESENT



CBS WORKSHOP AT THE REPUBLICAN CONVENTION. A WINDOW AT RIGHT, NOT A SCREEN

It's costly communication, too expensive for all the US— but when it comes the poor will be the first to buy

BY ELIZABETH FORSLING
Radio Editor of "Newsweek"

STILL approaching its midmark, the 20th century already has made four major contributions to mass transportation and communication. They are, of course, the automobile, the airplane, the radio and television. Of the four none is greater in its potentialities than the last.

At 1948's first convention in Philadelphia a Massachusetts delegate called his wife at home in Boston to get her reactions to Clare Boothe Luce's opening night speech. The Boston lady was not to be diverted by such topics. Her enthusiasm was too great on a more personal matter. "Darling," she exclaimed to her husband, "I saw *you*—on television."

Here was the promise of television paying off. And here also was the excitement the medium engenders. What until late 1947 had been a rich man's toy, a conversation piece, had moved into the American home.

Television has been the plaything of engineers for almost 100 years, and it was ready a decade ago. But the war pushed it into storage, where it stayed until 1946. Since then, though the science of electronics is as well-mastered elsewhere, television has progressed most rapidly in the United States.

The reason is a simple economic one: American video is an off-shoot of American commercial radio. Advertisers' dollars and the vast resources of profit-strong radio corporations have been spur and whip to American technicians. With all the money there was to spend, and all there is to be made, there will still be only 64 commercial stations on the air by January 1949. And not until 1953 will there be two-way coast-to-coast video. Intercontinental television is not even visible in the foreseeable future.

Even so some of the reshaped patterns which television will bring into the average American way of life are already apparent. Already some 10,000,000 East-Coast Americans have had a peek, for many the first at the convention system by which the United States nominates its presidential candidates. There were significant, and insignificant, repercussions.

The most significant is still only a prediction: that television would bring a reform of the nominating system. For the seeking cameras exposed for everyone to see the artifice the sham and the plain bamboozling that heretofore has been the half-kept secret of convention participants. A radio buried the arm-flinging, gesticulating orator, so may television force politicians to jettison those applauding claques which, by monopolizing a few floor microphones

make it seem that unstirred delegates are wildly enthusiastic; or those loud, long and "inspired" demonstrations on behalf of one candidate and another. Television magnifies these excesses and exposes them for what they are—sideshow tricks.

Though it was the delegates sweating out the Philadelphia heat who nominated the presidential candidates, it was their audience of 10,000,000 potential voters in bar and living room on whom the candidates concentrated. For the first time in a generation, at least, the candidates in Philadelphia during June and July, were as concerned with how they looked as with what they said.

How they looked was often a problem. Bald heads sometimes reflected odd lights. Clare Boothe Luce was no doubt chagrined to learn that the bangles on her wrist had distracted attention from her words. For the men there was the constant problem of beards. No matter how recently shaven a male may be, the television camera has the annoying habit of penetrating beneath a man's skin and making the best-barbered gentleman a bearer of 5 o'clock shadow. In consequence, the nation's biggest politicians were observed on the stage and in the aisles carefully not rubbing chins coated with a thick layer of pancake makeup.

But, the ways in which television affects the televised are probably of far less import than those in which it will change the behavior of televiewers.

Radio, in its small box, could sit in any corner of a room and be heard wherever there was an ear. Not so television. To be grasped, it must be the focus of attention, the center of attraction.

Then there is the problem of conversation. Many radio programs were designed as background entertainment to good talk. But in homes where there is television, there is also dead silence. Even at mealtime. For family after family has discovered the fun of moving the table near the set, turning out all but the minimum of lights—and then eating in fascinated silence.

The threat of television's inroads into leisure time is really worrying American publishers of magazines and books and Hollywood movie moguls. The average man, it has been assumed, spends eight hours a day working, eight sleeping, four in active home work or play, and four listening to the radio. But, during the radio hours he may well also read. Not with television. Can newspapers, magazines, or books compete? And how many persons will bestir themselves to go to the movies if they have an entertaining screen at home?

For the movie producers the threat of damaged business is great and growing. At first they leased out only the oldest and poorest quality movies one could find. Yet even silent Westerns, when shown on television, kept the average family enthralled and away from the neighborhood theater. Then, this summer Hollywood hopped on the television bandwagon. With few exceptions the major studios began making special telefilms for distribution to broadcasters. "If you can't lick 'em, join 'em" is still a prime rule of American business as of politics.

In New York on June 25, Joe Louis fought his last heavyweight fight. Win or lose, he would retire. His opponent was Jersey Joe Walcott, a man who had twice downed the greatest champion. In his day, Louis had sold out every seat in the house for "fights" that were foregone conclusions. This time only 42,500 fans paid $842,000 to see the fight inside Yankee Stadium where in the past 88,150 have been jammed. But outside, as far north as Boston and as far south as Richmond, six million fans saw the television broadcast of the fight. It was the largest audience in history, but it put little money into the fighters' pockets. Gillette Razor paid $100,000 for its television camera view and its regular radio rights. For contrast, consider that the Louis-Conn fight in the same stadium in 1946 drew $1,925,564 in paid admissions alone.

As television threatens the profits of such established businesses as publishing, motion pictures and professional sports, so does it promise to enhance others. As a teacher, television has remarkable potentialities. Already many a bride is learning to cook with lessons that come over the screen. The profession of medicine has adapted television to its use. Where once a skilled surgeon performed a rare operation watched by a packed gallery of half a hundred students, that same man and operation can now be observed by thousands—sitting miles away before

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television screens. Boosters see the day when children will be taught at home, housewives do their shopping and politicians campaign by video.

All of which is entrancing. Yet many an American—not to mention less-favored gadget lovers elsewhere—complains that it means nothing to him. Why can't he have television—now? The answer is that, though the basic elements of television are available everywhere, the money is not.

The major cost problem is that presented by the television signal itself. Traveling in the high frequencies, the video signal, unlike the radio signal, is limited to the horizon—for practical purposes about 60 miles from the transmitter to receiver. To establish an intercity network similar to radio's, transmitters must be hooked up by one of two existing systems: the coaxial cable (a thick conglomeration of wires much like that carrying telephone calls) or the relay station ("boosters" every 30 miles or so which pick up the original signal, amplify and retransmit it).

The only possible additional alternative is the Westinghouse-Glenn Martin "Stratovision" project. Stratovision calls for a fleet of planes circling constantly at 25,000 feet over points 400 miles apart and rebroadcasting to an area 525 miles in diameter signals picked up from ground stations.

Request for a Pittsburgh channel is now in the hands of the FCC and approval is expected. Four planes will be built for the Pittsburgh pilot program. Spokesmen for the project estimate that the network could be in operation two years after FCC gives the go-ahead on commercial licenses. Even so, the project is certain to involve high costs. The flying studio plane will be expensive to build and a coast-to-coast hookup would require eight of them in the air constantly—with two or three in reserve for each one in flight.

The cost of coaxial cable or relay systems is also enormous. At the moment, the largest US network is the NBC east-coast hookup, which runs from Boston to Richmond by way of Schenectady, New York City, Philadelphia, Baltimore and Washington, D.C. Similar networks, centered around Chicago, Detroit and Los Angeles-San Francisco, will eventually be fused into a transcontinental web.

Even in cities where there are television stations there are reception problems. The straight-flying television signal may be blocked or warped even by a building between transmitter and receiver. Poor pictures may be caused by the fact that the signal passes over one too-high building, hits another one—or a mountain—on the far side and ricochets back to the befuddled receiver.

Since everyone knows television is a high-priced luxury, almost everyone has been surprised to find what kind of people are buying it. Recent surveys establish that half of all set sales have been made to people in the lower-middle or poor income brackets. In instance after instance, refrigerator, car or washing machine money has been diverted to a television set.

One reason is that dealers were quick to sell sets on installments, $3 down and $1.50 a week. A second is that thrifty families have learned that the initial outlay is quickly saved by reduction of other entertainment expenses. Small wonder the movie moguls are worrying.

To date, sports has taken up about one fourth of television's program time. Sport is a natural show in itself, with an eager, readymade audience. This is why a television set suddenly became as essential to the operation of a tavern as a beer spigot. It was the inspiration for Fred Allen's quip—"There are millions of people in New York who don't even know what television is. They're not old enough to go into saloons yet."

The most promising television performances have been in handling the special event, such as conventions. So great was the impact of the Republican convention that one large New York retailer reported a set sales increase of nearly 35 per cent—buyers trying to get in on the show before the Democratic convention convened. By the end of 1948, cautious estimators assert, such newcoming enthusiasts will have bought 800,000 sets.

This then is television—the miracle of today, the necessity of tomorrow.

BOOKS

Churchill's Own History

HM's FIRST MINISTER RECOUNTS EVENTS WHICH LED UP TO THE WORLD WA AND HIS TRIUMPHS

The Gathering Storm
By Winston S. Churchill. Houghton Mi lin Co. Boston, $6.

When President Roosevelt wondered wh name ought to be given to World War Winston Churchill suggested "The Unnec sary War." The adjective may have p zled millions but to Great Britain's Pri Minister its use was completely justifie Even before Hitler seized power, and wi increasing emphasis after, Churchill r only diagnosed with great accuracy t forces driving Europe to war, but suggest measures that conceivably might ha blocked them. Mr. Churchill devotes t first part of his latest book to the "sad ta of wrong judgments formed by well-mea ing and capable people."

From the beginnings of Germany's secr rearmament to the ruinous Munich pa there isn't much that is new in M Churchill's melancholy review of dip matic failures. Yet these chapters offer fa cinating reading because, interwoven wi each event, we get the story of the autho stand on it, and gradually the read comes closer and closer to understandi the nature of Churchill's greatness.

The impression is overwhelming that t genius of this man is rooted in a sense realism on a historic, almost a biologic scale. Stanley Baldwin and Neville Cha berlain, and with them the overwhelmi majority of the Anglo-Saxon people, we unable to conceive of 20th-century men nations who would wilfully choose the ro of violence and destruction. That t "Asiatic Bolsheviks" might do so if given chance, they never doubted. But that Christian people would descend to t same craze was out of the question.

Churchill's superior vitality and pow ful imagination, perhaps influenced by h own books on warlike deeds, convinced hi that violence is a constant element in hi tory and that the periods of safety and gr cious living are but fragile bridges ov fathomless chasms. In his case the circu stance of belonging to the most refined cla of a highly civilized nation was never deterrent to recognizing that wild and a archistic forces operated in the world.

The recognition of the dangers menaci the values he reverenced, and his eagerne to defend them, mark Churchill as a man action and born leader. But that is on one part, albeit the granite-like basis, his character. *The Gathering Storm* reve other and significant features: Churchil appetite for work, the extent of his poli cal and technical knowledge, and his atte tion to and affection for details. His phy cal energy is such that inactivity is u known to him. Even in time of peace wh

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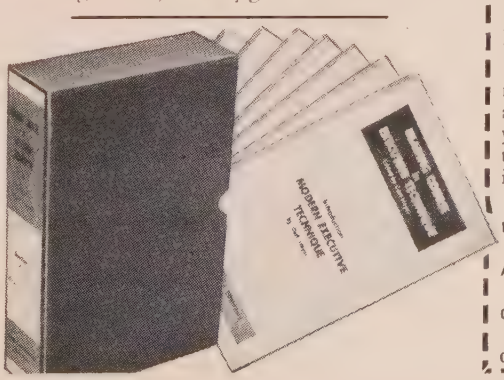

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he is not delivering speeches in Parliament he is writing books and articles, and when he is not writing he is painting pictures or laying the brick walls of a new kitchen in his country home.

As First Lord of the Admiralty, Churchill was evidently accepted by His Majesty's Navy as a naval expert of great consequence whose advice on both strategic and technical matters was sought with great confidence. Small wonder if after Chamberlain asked him to take charge of the Navy the Board of Admiralty signaled to the fleet: "Winston is back." The tables, minutes and memoranda which appear in the substantial Appendix of the book bear witness to the extent of this civilian's knowledge concerning all phases of naval warfare. The First Sea Lord, Admiral Dudley Pound even adopted Churchill's method of going to bed for an hour as early as possible in the afternoon in order to be able to go back to work refreshed and stay on the job until two or three every night.

Nor did Churchill have to improvise when he became Prime Minister. Methodically, conscienciously he had been preparing for the clash he knew was inevitable during all the long years he spent in the political wilderness. Between 1935 and 1940 although a severe critic of the Government, he insisted on being given an opportunity to work with scientific and government groups studying such vital problems as air-defense and anti-submarine systems and devices. He had his own scientific advisers, headed by Prof. Frederick A. Lindemann (now Lord Chartwell). He had his own private intelligence network, deriving information from sources as various as German refugees, foreign correspondents, Members of Parliament and French cabinet ministers. In fact, during this period he came very close to being a one-man shadow government. It is no surprise therefore that this first volume of the Churchill memoirs closes with the following classical description of his state of mind during the hours following his selection as England's Prime Minister in the midst of the invasion of France:

"I cannot conceal from the reader of this truthful account that as I went to bed at about 3 a. m. I was conscious of a profound sense of relief. At last I had the authority to give directions over the whole scene. I felt as if I were walking with Destiny and that all my past life had been but a preparation for this hour and this trial. . . . Therefore, although impatient for the morning, I slept soundly and had no need for cheering dreams. Facts are better than dreams."

They are the best when, as in this volume, they are given not only with the greatest possible authority but with the grace, ease, and power of a fascinating writer.

TIBOR KOEVES

Marvelous Journey

by Samuel Putnam. Knopf, New York. $4.00.

A book of travel could hardly be as spectacular and absorbing as this marvelous journey with Samuel Putnam through a rich literary realm.

Brazil's literature is older—and, in the colonial period, was of finer quality—than that of the United States. When the Americas were discovered and colonized, Portuguese culture was in its golden age, uninhibited by Puritanism. Early writers transplanted the genius of Camoes and Gil Vicente to the lush wilderness of the New World. In later years, as Portugal declined, new impulses flared in Brazil with the growth of nationalist feeling, and an independent Brazil partook of the romantic reaction against classical forms which was later displaced by modern naturalism.

But always Brazil's literature has been set apart by the tints of her racial heritage, by the paradoxical and moody nature of her people, and by the spell of high mountains and virgin forests which after four centuries still fascinate Brazilian writers.

The most important of these writers are quoted and critically discussed and their stories told: Brandao whose *Dialogues* are a detailed document of 17th century Brazil; fierce Gregório de Matos, "the devil's mouthpiece" who could also write verse rivaling that of the Cavalier poets; the humanitarian Euclides da Cunha whose remarkable *Rebellion in the Backlands* is a classic of world literature; the tortured Machado de Assis whom Mr. Putnam judges to be the greatest of all novelists; and the masterly moderns, Jorge Amado and Erico Veríssimo.

Those whose acquaintance with Portuguese permits, will wish to examine the New World's contribution to the enrichment of that language; others will be illuminated who did not know of its existence.

B.S.K.

An Advanced History of India

by R. C. Majumdar, H. C. Raychaudhuri and Kalikinkar Datta. Cambridge, at the University Press, England; The Macmillan Company, New York, $7.50

Lord Macaulay once disparaged Indian history as "abounding with kings 30 feet high and reigns 30 thousand years long." But the patient spadework of scholars has since unearthed a lifesized image of the oldest of living civilizations hardly less remarkable in its great age and unity.

This work of three distinguished Indian historians is a dispassionate and detailed study of their ancient land from beyond the dawn of history to the present day. It will be of particular service to scholars for the comprehensive account of the Mohenjo-Daro excavations and the period of early Vedic civilization, and for the attention bestowed upon cultural, economic and social changes which accompanied historical events. But the picturesque subject matter, swift pace, lucid writing, and the procession of amazing personalities will attract also the lay reader.

Those who feel that "Oriental despot" are two words that naturally fit together will be surprised to note that the early Hindu concept of a king was as a leader responsible to a popular assembly; that many republics existed; that village democracy was the rule. These high ideals called forth virtuous kings like Asoka who taught his people to hate war and whose missionaries laid the foundations of Buddhism in Asia; and Harsha w used to distribute the surplus of his treas to the common people. Gloomier days ca with the more oppressive rule of the Mus invaders, but their coming planted in In seeds which were to flower in the magnific Hindu-Muslim civilization of the Mogu especially under Akbar.

The disintegration of the Mogul Emp and the concomitant expansion of Briti influence is traced, and an objective accou of British rule delineates the forces th brought about the present renascence.

B.S.K.

World Flag Encyclopedia

U.N. Honor Flag Committee, Washin ton, D.C. $1.00

This small volume deals with the proble of an Honor Flag, or a flag of internatio goodwill as a symbol for the United N tions. Reasons of protocol make it diffic to display the UN Organization Flag conjunction with the national flag of particular member nation, since neither them should be subordinated to the othe The authors suggest the adoption of Honor Flag—four red, green or blue p lars on a white background—which cou be used as a secondary flag, thus elimina ing the present difficulties and establishi a symbol around which all internationall minded men could rally without feelin disloyal to their countries.

From the League to the U.N.

by Gilbert Murray. New York. Oxfo University Press, $4.50.

Prof. Gilbert Murray's thesis is that, in th UN, Wilsonian idealism has been diluted b a sense of political reality has been adde UN's phraseology is less slippery, he say Its concerns are more specific, more dow to earth, giving hope that internation friendship may become a habit in smal everyday ways.

The core of the UN, he agrees, is the Se curity Council, but he answers the UN boa of having stronger "teeth" than the Leagu with the question: whom will they bite?— since the only real threat to world peac could come from one of the Big Five, anyon of which would veto any international sanc tions against it.

While admitting the UN's imperfection Prof. Murray holds out hope that it ca eventually become a strong, healthy orga ization which will make war impossible.

It is up to the UN, he suggests, to sprea true information via an official radio statio and journal. Obstruction of such offici statements put out by the UN would be a "unfriendly act" against it. Libel, the autho feels, should be declared an internationa crime. Further, it is up to our conscienc (which he calls "the voice of normal civilize humanity) to make the message of the U heard and felt. As a means, Murray suggest the various United Nations Associations.

Prof. Murray's voice is that of a 19t Century British liberal, with the stigmat of the species—an unbounding faith in rea son, a healthy, scholarly optimism, a hatre of violence (his chapter on "The Cult o Violence" is excellent). He deplores 20t Century disorder and he is worried abou Russia.

J. W.

WORLD FILES

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Summary of important speeches, treaties and other international documents. Copies available at cost. Send key number to World Files, United Nations World, 385 Madison Avenue, New York 17, N. Y.

The Month Is Marked By Conflict Over Berlin's Future

Soviet reaction to the proposal of a semiautonomous government for Western Germany made headlines throughout the world and fattened the cold-war files of the governments concerned. The headlines grew out of the Russian refusal to allow freight to move normally into Berlin from the western zones, the files bulged because of what was planned and counterplanned by the cold warriors of East and West for Germany.

GERMANS CASH IN old marks for new Deutchemarks in the US sector of Berlin as Russia clamped down a blockade on the city.

SIX-POWER AGREEMENT ON WEST GERMANY

June 1, London. US-British-French-Benelux conference agreed on a compromise formula designed to set up early in 1949 a western German government and a seven-power international authority to control allocation of coke, coal and steel of the Ruhr.

2. Provision is made for a constituent assembly to draw up a constitution for western Germany to be convened September 1.

3. The delegates (estimated at 55) will be selected in a manner to be decided by the various parliaments of the Laender of western Germany.

Note: USSR notified Britain on June 16 that it cannot accept the agreement inasmuch as it is in violation of the Potsdam agreements.

On June 18 the Polish Government sent a long note of protest on the agreement to the French Government. Simultaneously notes were sent to the US and UK. It insisted that a Four-Power conference be held to discuss the matter.

On June 24 a Four-Power Agreement was proposed by the Soviet Bloc with the following points:

(a) Great Britain, US, France and USSR implement agreements for completion of Germany's demilitarization; (b) Ruhr's heavy industry to be placed under four-power control for a definite period; (c) Provisional government for all Germany to be established with representatives of all democratic parties and organizations, creating guarantees against repetition of German aggression; (d) Peace treaty be concluded in accordance with Potsdam agreements and occupation troops withdrawn within one year after the conclusion of the peace treaty; (e) Arrangements be made for Germany to fulfill her reparations obligations.

On June 3 the Soviet Union advised Denmark not to take part in the London Conference as any negotiations having to do with the Danish minority in South Schleswig would have to be taken up by a Four-Power Conference. (153:48)

US NOTE TO USSR RE: TRIESTE

June 1, Washington. A fourth note requesting a conference on returning Trieste to Italy. (154:48)

SWISS TERMINATE TRADE PACT WITH BIZONIA

June 2, Berlin. Swiss authorities have notified the military governments of Bizonia that they intend to terminate in August the agreement covering payment for trade between Switzerland and the Bizonal area, but that they were willing to discuss a new agreement on an adjusted basis. (155:48)

Note: The cancelled agreement was concluded in 1947 and resulted in a large favorable balance of trade for Bizonia.

USSR CUTS REPARATIONS

June 3, Helsinki. Soviet Government cancels half reparations due from Finland to USSR and makes loan of $5,000,000 to Finns, repayable in currencies other than dollars at a 2% interest rate. (156:48a)

June 4, Bucharest and Budapest. Both Rumania and Hungary request consideration of reduction of reparations due USSR in line with reduction granted Finland. (156:48b)

June 8, Moscow. Reductions requested by Rumania and Hungary are granted according to letter from Marshal Stalin to the premiers of the respective countries. (156:48c)

US PROTEST TO USSR RE: KOREAN SHOOTING

June 5, Seoul. US commander demanded of Soviet commander in North Korea that the Russians "make full and appropriate apologies" for shooting of an American across the border at the 38th parallel on May 26. (157:48)

INDO-CHINA PART OF FRENCH UNION

June 5, Paris. Treaty admits new French-sponsored central provisional Viet Nam government to French Union and recognizes that "the independence of Viet Nam has no limits other than those imposed by its belonging to the French Union." (158:48)

Note: Financial, economic, military, cultural and diplomatic sovereignty are to be settled in later agreements.

"GRAN COLOMBIA" CUSTOMS UNION FORMED

June 5, Quito. Colombia, Ecuador, Panama and Venezuela voted at an economic conference to form a customs Union, under which duties on goods from member countries will gradually be removed by other participants. Other American nations may join the union if they desire. (159:48)

ARGENTINE-YUGOSLAV TRADE PACT

June 7, Buenos Aires. A commercial agreement, largely on a barter basis, calls for Argentine shipment to Yugoslavia of hides,

wool, oil, wax and bristles. Yugoslavia to ship cement, caustic soda, hops, mushrooms, chemicals and woods.

2. Provides for preferential shipping in Argentine and Yugoslav vessels. (160:48)

WESTERN-SOVIET BERLIN RIFT

Berlin, June. June saw a steady exchange of charges and counter-charges between the USSR and the western occupation authorities re: control of Berlin. For an analysis of the Berlin tension see State of the World.

June 9. Russians close zonal border and reject British demand to vacate radio broadcasting building in British sector. (161:48a)

June 10. British stop issuing permits for interzonal travel. (161:48b)

June 12. Rail Traffic to Berlin reopened by Soviets. (161:48c)

June 15. Soviet authorities halt shipments of coal to Western Allies' sectors and assume control over all outbound German rail travelers. (161-48d)

June 16. Soviet representatives walk out of Kommandatura. (161:48e)

June 17. Soviet authorities close US zonal border. (161:48f)

June 18. Western Germany currency control reform program announced. (161:48g)

June 19. Sokolovsky Currency Statement. (161:48h)

June 20. US deliveries to Berlin by train halted. Note by Sokolovsky to US and British commanders re currency. (161:48i)

June 22. Sokolovsky in a note to Clay complained of the "coarse" behavior of Colonel Frank L. Howley, American commandant in Berlin, at last meeting of four-power Kommandatura. (161:48j)

June 22. Soviet commander accepts dicussion on currency reform. (161:48k)

June 23. Soviet issues new money for Berlin. (161:48l)

June 24. Soviet completes railroad blockade to Berlin, cutting off food supply, and cuts electric supply to Western sectors. (161:48m)

June 24. US Commander Lucius Clay declares that US occupation forces will not leave Berlin. (161-48n)

June 24. British discontinue shipments of steel and coal to Soviet zone. (161:48o)

June 27. Western Powers ration food and fuel in Berlin. Set up air freight to supply Germans. (161:48p)

June 27. French Premier Schuman proposes mediation. (161:48q)

June 29. Following Clay-Sokolovsky talk travel restrictions are eased in Berlin. However, freight blockade still holds. (161:48r)

CONTROVERSY OVER GREEK CHILDREN

June 9, Warsaw. Polish Government denies presence of Greek children in Poland, and described a Greek note as "an expression of a slanderous campaign based on false information." (162:48a)

June 21, Lake Success. Greek Government appeals to UN Balkan Committee to call for return of between 8,000 and 10,000 Greek children, who, according to Greek officials, have been kidnaped and taken to Albania, Yugolsavia, Hungary, Bulgaria and Czechoslovakia. (162:48b)

June 24, Washington. The US State Department called on Albania, Bulgaria, Yugoslavia, Rumania, Hungary, Czechoslovakia and Poland to return the thousands of Greek children allegedly kidnaped by Greek Communists and removed to the Soviet satellite states. (162:48c)

June 26, Bucharest. Rumania refused to return Greek children sent to that country by Greek guerillas, stating that they were being given "shelter, food, clothing, medical care and schooling." It added that it considered the Greek note a provocation. (162:48d)

June 27, Athens. Yugoslavia delivered note to Greek government refusing return of children allegedly kidnaped. It added that the children were fortunate to be out of wartorn areas. (162:48e)

RESTRICTIONS EASED ON GERMAN TRUSTS

June 11, Frankfort on Main. Bizonal authorities permitted to make use of existing industrial cartels or create new ones to get German economy back on its feet. However, the directive specifically provides that the projected decentralization of economic controls must not violate the decartelization policy. (163:48)

ARGENTINA AND ECA

June 12, Buenos Aires. President Miguel Miranda of the National Economic Council declared that Argentina and the US were in complete accord regarding the "market price" at which Argentina will sell food to ECA. (164:48a)

June 24, Buenos Aires. Peron invites all Argentine businessmen and industrialists to help in stabilizing Argentine economy, currently suffering from dollar shortages which the Marshall Plan is not expected to alleviate. (164:48b)

June 26, Buenos Aires. Miranda declares that it did not matter that Argentina would not receive ECA dollars this year inasmuch as she would demand dollars for food she was selling and which was in demand throughout the world. (164:48c)

SYRIA REJECTS US NOTE RE: BLOCKADE

June 14, Washington. In response to a US note refusing to recognize the blockade set up by Egypt and Syria along the Palestine coast, Syria notified the US government that it rejected the American protest.

Note: The US government received a similar note from Egypt earlier. (165:48)

US-SOVIET EXCHANGE ON KOREAN POWER

June 15, Seoul. Gen. Hodge, US Commander called on the Soviet Union to resume electric service for South Korea since a shipment of goods had arrived to pay for the service. (166:48a)

June 17, Seoul. Gen. Merkulov, Soviet commander, replied that negotiations should be held with the People's Committee and not through the Soviet Union as intermediary. (166:48b)

Note: Gen. Hodge has refused to rec nize the People's Committee as the resp sible agency.

USSR ACCEPTS DANUBE PARLE

June 15, Washington. Note accepts US vitation to a conference of the Big F and the Danubian countries on July at Belgrade to discuss navigation proble of the Danube. (167:48)

SUDANESE GET FRANCHISE AND LEGISLATURE

June 19, London. Ordinance promulgat by British provides for an Executive Co cil and an elected Legislative Assemb as a first step toward self-government the Sudan. (168:48)

NETHERLANDS AGREEMENT WIT SOVIET OCCUPATION ZONE

June 22, The Hague. Mutual trade and pa ment agreement for a total value of 30,00 000 guilders. (169:48)

BRITISH-IRISH TRADE PACT

June 22, London. Four-year Irish trade pa to start July 1.

1. Ireland to get about $1 more p hundredweight for fat cattle sent to Britai Ireland to increase cattle exports, as w as bacon and butter exports and to mai tain her high rate of eggs to Britain.

2. Britain to review the whole field quantitative restrictions and to mainta coal exports to Ireland at least at prese levels.

3. An attempt to be made to bring t exchange of goods more nearly into ba ance. (170:48)

COMINFORM'S DECLARATION ON YUGOSLAVIA

June 28, Prague. "The leadership of t Yugoslav Communist party has lately u dertaken an entirely wrong policy on t principal questions of foreign and interna politics, which means a retreat from Mar ism-Leninism . . . especially the wron policy of Comrades Tito, Kardelj, Djila and Rankovitch. . . .

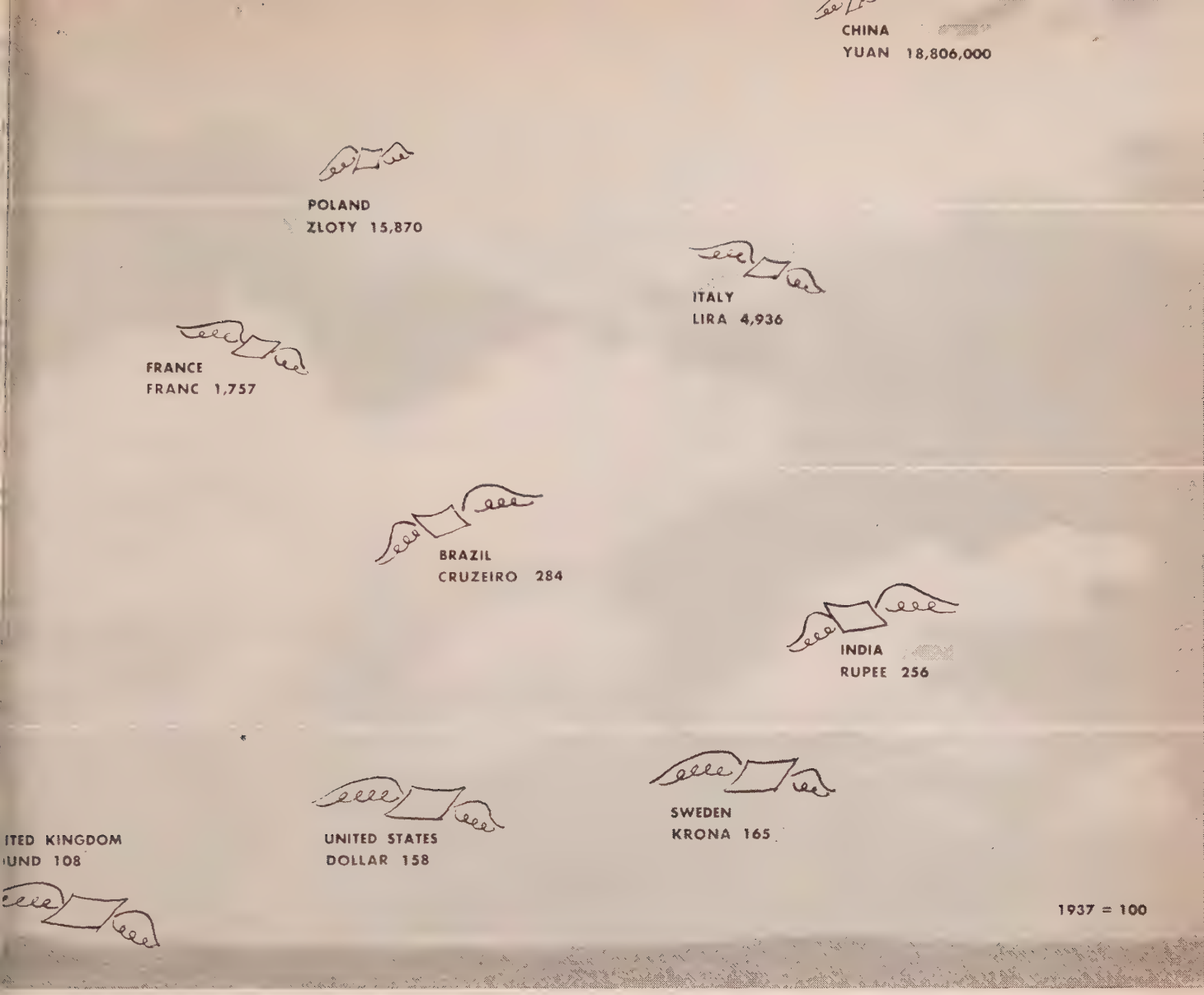
"The Cominform finds that the leade ship of the Yugoslav Communist party cr ated a hateful policy in relation to t Soviet Union and to the All-Communi Union of Bolsheviks."

"In Yugoslavia an undignified policy o underestimating Soviet military specialist was allowed. Also members of the Sovi Army were discredited."

"There is no intra-party democracy i the [Yugoslav] party, the electoral prin ciple is not realized, there is no criticis and self-criticism."

". . . the basis of all these faults of leade ship of the Communist party of Yugoslavi is the incontestable fact that in its leade ship in the last five to six months openl nationalistic elements prevailed that wer formerly masked. . . .

"The Information Bureau finds that a a result of all this, the Central Committe of the Communist party of Yugoslavia put itself and the Yugoslav Communist part outside the family of brotherly Communis parties . . . and the ranks of the Informa tion Bureaus." (171:48)



THE DIFFERENCES ARE IN DEGREE NOT KIND.

Though only nine are shown here, virtually every currency is flying high—though none is more inflated than the Yuan. Bringing them down is the world's paramount economic problem.

WORLD TRADE

Report to UNW
By W. Averell Harriman ECA Ambassador

The ECA–Step by Step
By Herbert Harris World Business Editor

UN Aid to Latin America
By Hernan Santa Cruz Chilean Delegate to the UN

No Pie in the Sky . . .

Nor cake, nor even bread, when money has wings. When prices go up, the prospects of world trade go down. Inflation cuts buying power, holds back recovery, sharpens discontent. World statesmen and businessmen deplore it, but tend also to ignore it. All admit that, unless inflation is checked and reversed, commerce among nations cannot be stabilized, nor can an international economic community be firmly built. But only a handful fight inflation. Others jeopardize everybody's future by short-sighted attempts to cash in on it now. Still others do nothing.

Inflation is no force of nature, beyond control. It is made by men, in board room, chancellery, legislature and exchange. It can be controlled by men. All in key places who, recognizing this, fail to act against inflation might well ponder the Chinese proverb: "If not now, when? If not I, who?"

Photo by Ewing Galloway

Policy Report On World Trends In . . .

STEEL

. . . the metal men live by

THIRD IN A SERIES
OF UN WORLD COMMODITY
SURVEYS
BY THE EDITORS

AMERICAN CONSTRUCTION GOES AHEAD WITH SCARCE STEEL

OUR turbulent epoch has been variously described as the Atomic Age, the Anxiety Age, the American Age, and with less alliteration, but greater accuracy, as the Steel Age.

So fitting is the last label that one can actually measure with precision living standards anywhere on earth by assessing the amount of steel available for per capita consumption.

In the United States the average individual commands some 1,200 pounds of steel as the basis for his ways of work, wealth and happiness. The corollary is that US living standards are highest in the world.

In China 2.7 pounds of steel per person per year matches the lowest living standards in the world.

In Poland the feverish expansion of steel making facilities, being pushed for reasons of state as well as to build a balanced economy, is already raising living standards above prewar levels.

Steel has become the backbone of today's industrial society, whatever its political forms.

Steel is at once proof and symbol of modern man's ability to harness inanimate energy to serve his needs—from raising wheat to flinging a cathedral toward the sky. Whether used in tractors or tin-cans, or girders or nails, or freight-cars or fences, steel is the hallmark of technology in the 20th century. It is also the indispensable metal for world economic recovery and stability.

Inevitably, then, as the peoples of Asia, Africa and Latin America press toward full-fledged membership in today's industrial fraternity, they reach out and up for steel.

In India the need to enlarge steel capacity from 2,200,000 to 3,000,000

tons within the next seven years claims top priority in all economic planning. The famous Tata works at Jamshedpur, together with others in Bengal and Mysore, are regarded as the first fulcrum on which India can lift herself into a new plane of mechanized modernity.

Even when this 3,000,000 ton goal is reached, however, the more than 300,000,000 inhabitants of the Republic of India will hardly have begun to close the awesome gap between a primitive and even a 19th century industrial society. Twenty pounds of steel per person per year is the barest beginning.

In Australia where the steel industry was born late, in 1915, and where it hit its stride of a 2,000,000 ton output only during World War II, the steel towns of Newcastle and Whyalla are looked on as the twin engines energizing Australia's drive for a bigger place in the economic sun.

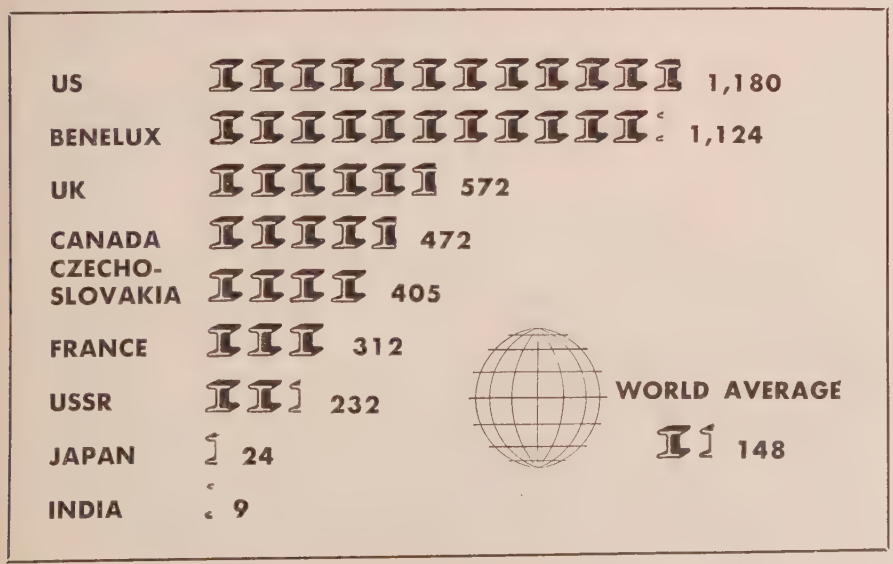
In the Union of South Africa, the same semi-reverential attitude surrounds Vanderbijl Park, near Johannesburg, where South Africans make their 700,000 tons of steel into the catyltic agent for economic growth.

In Brazil, on the outskirts of Santa Cecilia, stands the Volta Redonda, the majestic steel mill that incredibly "grew glistening out of the jungle" with US aid during the war. It represents the high hope of Brazilians eager for their country to take the lead in South America's industrial development. While the Volta Redonda's potential production of 300,000 tons a year is hampered by inferior grades of coal that have to be hauled up to six hundred miles, it remains the portent of what Brazil and Chile and Peru and Colombia and Argentina and other South American nations must do if they are to benefit, even belatedly, from present-day mastery over the technical arts.

In Europe, as both East and West struggle to replace wartime's destruction with peacetime's construction, steel is more precious than gold. Under the ERP, the 16 nations of the Western bloc put steel first and frantically as their primary triple A requirement. But they asked for more of it than was available. Their request was cut—from $400 to $188 million, 75 per cent to build new steel mills in the UK and on the Continent, 10 per cent to repair and replace wornout equipment, 15 per cent for immediate fabrication.

In effect, however, the ERP group will receive much more than that, for the 22,000 freight cars, and 331,000 tractors, harvestors and other farm machinery earmarked for ERP are made almost entirely from steel. Moreover, through 1947 and up to June 1948, shipments through private channels of US steel to the nations that form the ERP alignment accounted for nearly one third of America's finished steel exports in the form of tubing, sheets, and pipes, or about 2 out of a total of 6 million tons.

THE WORLD'S STEEL PRODUCTION PER CAPITA



STEEL FOR USE correlates closely with living standards as this chart suggests. Denmark is an example of a state with high living standards but producting virtually no steel. The explanation: Such states produce exports which they sell to buy steel.

While the ERP recipients may be expected to renew their appeals for extra steel from the US from time to time, they will not be heeded. For the US economy, despite the fact that it produces more steel than the rest of the world combined (an average of 85 million tons of crude steel out of a global output of 159 million, is up against a stringent and vexing steel shortage of its own.

The shortage is mainly a heritage of World War II. In the first place, from the start of the US national defense program in June, 1940, until V-J day, the US put more than 200 million tons of steel into weapons or facilities for turning them out. The government spent $900 million and private industry $1100 million to increase US steel capacity. With war's end, some obsolete plants were dismantled, but in 1948 the US steel industry was producing at a rate crowding that of the peak war effort of 1944 (see chart p. 47).

In the second place about 125 million tons of steel shipped abroad (an amount equal to some 18 months production) is today lying around former battle zones — from Normandy to Guadalcanal. These tanks, bulldozers, cannon and car chassis represent the equivalent of eight years of peacetime's accumulation of "purchased scrap". This scrap is in the main too costly to salvage for return to US mills.

In the third place, coal strikes in 1947 forced the loss of 18 million tons of steel.

In the fourth place, the capital goods sector of US industry needed and still needs steel to enlarge and modernize plants, to install new machinery and tools and generally to catch up on 60 months of arrears in normal replacements, additions and improvements postponed during the war. Similarly, US consumer goods manufacturers needed and still need steel to meet the pent up demand for automobiles, vacuum cleaners, washing machines and countless other commodities it was not possible to make or buy during the war. At the same time, the railroads still need new freight, tank and passenger cars as well as locomotives, both to replace equipment worn down prematurely under wartime strains, and to be in a position to carry the prodigious traffic loads of our present domestic and export booms.

Steel *continued*

Oil corporations are clamoring for more pipe lines to pump their product from Texas to New Jersey and even from Saudi Arabia to the Mediterranean. Construction firms want more steel for new apartment houses, office and factory buildings, hospitals, schools.

More recently the US moved slowly but inexorably into spending $15 billion a year on a preparedness program which will eat up vast quantities of steel—for carriers, planes, tanks, artillery, for experimental stations and for atomic, bacteriological and gas warfare laboratories—all heightening inevitably the scramble for steel.

The lack of steel—to meet all the demands of capital goods and consumer industries and public utilities; of exports and of the greatest peacetime military establishment in US history—has fostered two major developments: 1. under-the-counter dubiously legal methods of marketing steel and 2. a fierce and bitter controversy on American steel making policy. This debate rages around the question as to whether the country's steel shortage is a chronic or temporary phenomenon, how much steel capacity must, should or can be expanded, how soon, and by what agencies and techniques.

Three different steel markets exist in the US today. There is the white or legitimate market in which steel priced say at $95 a ton at the mill fob is delivered at that price to the customer.

There is the semi-respectable gray market in which steel is priced at $95 a ton fob the mill but is delivered to the buyer at $250 a ton after being procured through an "expeditor" or middleman. He has mysterious wholesale and warehouse connections which enable him to see that the steel is somehow found. The premium of $155 is split between the intermediary and his source as reward for their esoteric knowledge of where to locate and corner supplies for buyers desperately short.

And then there is the "Jesse James" black market in which steel priced at $95 a ton fob the mill can be had at $600 the ton. In one case turned up by US Senate investigators armed gunmen in the slit-mouthed tradition of Al Capone accompanied the buyer of 50,000 tons of fabulously priced steel to the warehouse to make sure that the deal went through without a hitch.

As the clamor for more and yet more steel mounts from all quarters, economists in labor, government, academic and some business circles have been taking the American steel industry to task for (a) lacking the foresight to have expanded steel capacity to meet the currently growing requirements and (b) for failing to expand more rapidly now to meet equal or greater ones in the future.

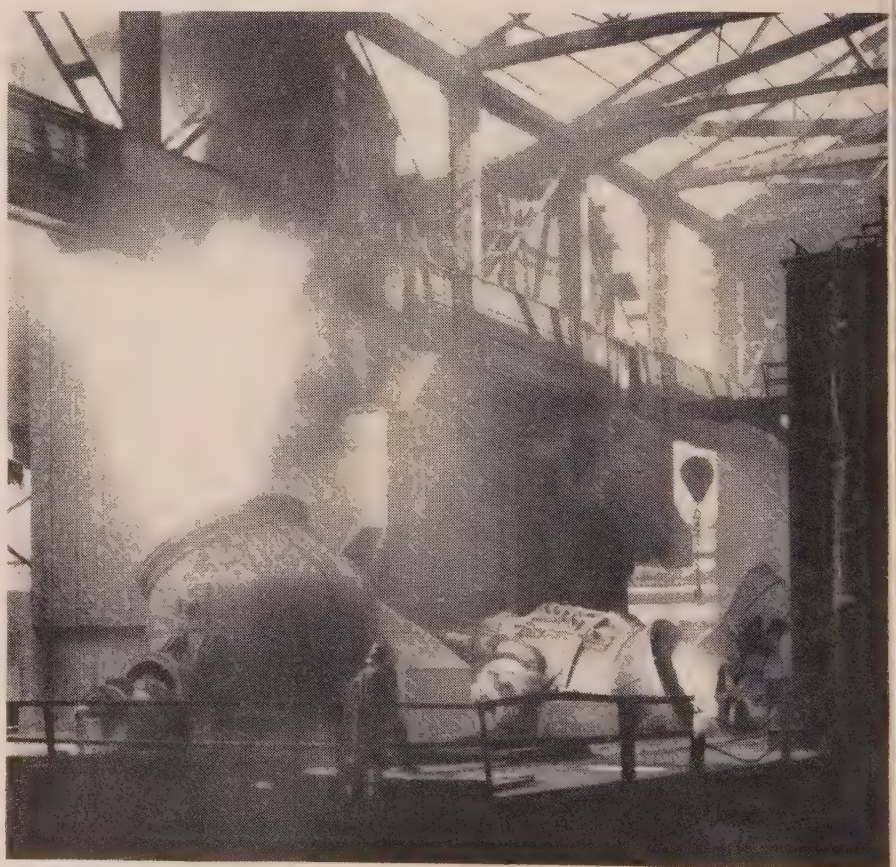
Proponents of this view insist that while in 1947 the effective demand for cars and trucks ranged between 6.1 and 7.1 million, only 5 million could be turned out because of insufficient steel. They claim that today's widespread oil shortage is not due to lack of resources but rather to inadequate transportation facilities, dredging and pumping machinery.

To transform this shortage into sufficiency, many groups urge an immediate expansion of steel capacity up to 10 million tons, more than doubling the 3 million tons added by the industry since the war's end, plus the 1.1 million to be completed in 1948 and the .9 million tons pending for 1949.

The titular leader of this movement for "bigger faster expansion *now*" is Louis Bean, US Department of Agriculture statistician. He affirms not only that existing facilities are inadequate but also that America must produce steel at the rate of 100 million tons a year in 1950 if this country is to maintain "full employment." A group of former New Deal economic experts (Robert R. Nathan, Randolph Paul, Leon Henderson, Lauchlin Currie, Isador Lubin) tend to go along with Mr. Bean's thesis.

Some manufacturers have been so hard up for steel they seem to have flirted with the Bean thesis that we are facing a long period of scarcity. Some have bought the securities of various steel-making firms in the hope that this new "one of the family"

STEEL PLANT AT WORK



MOLTEN SHOES AND MEAT. Here America's living standards get a boost from two Bessemer converters in a U.S. Steel plant in Gary, Ind. The tipped converter at right is receiving a charge of molten iron, the one at left is converting full blast.

status would get them preference over other claimants. Others have gone still further. Instead of merely buying stocks and bonds in steel companies, they have bought the companies. General Electric, for example, acquired Mahoning Valley Steel; Borg-Warner, the Superior Steel Co.; Kaiser-Frazer, a division of the Continental Steel Corp., and Studebaker, the Empire Steel Corp.

The oil industry's pressure for more steel lends weight to the argument of not-enough. All through the spring and early summer of 1948, oil men have been going hammer and tongs at the US Department of Commerce trying to persuade it to allocate more steel to oil. They want 8 million tons altogether this year. They used up 3½ million tons in 1947, but argue that they must have this same amount for pipelines alone in 1948—though the steel industry last year was able to produce only 1.2 million tons of "pipe."

The New Deal group and others with them point out that many families in America have never had a car, a washing machine, or modern plumbing; that to keep plants up to date technologically, and to satisfy the wants of the population, the prospects are that more, and not less, steel will be indispensable in the years ahead. They add that export markets, and gigantic defense outlays on the home front will be the firm underpinning for a vastly enlarged steel capacity in the foreseeable future.

They infer that the unwillingness of the steel executives to undertake an 8 to 10 million ton expansion now reveals a fear that disruptive depressions are bound to recur.

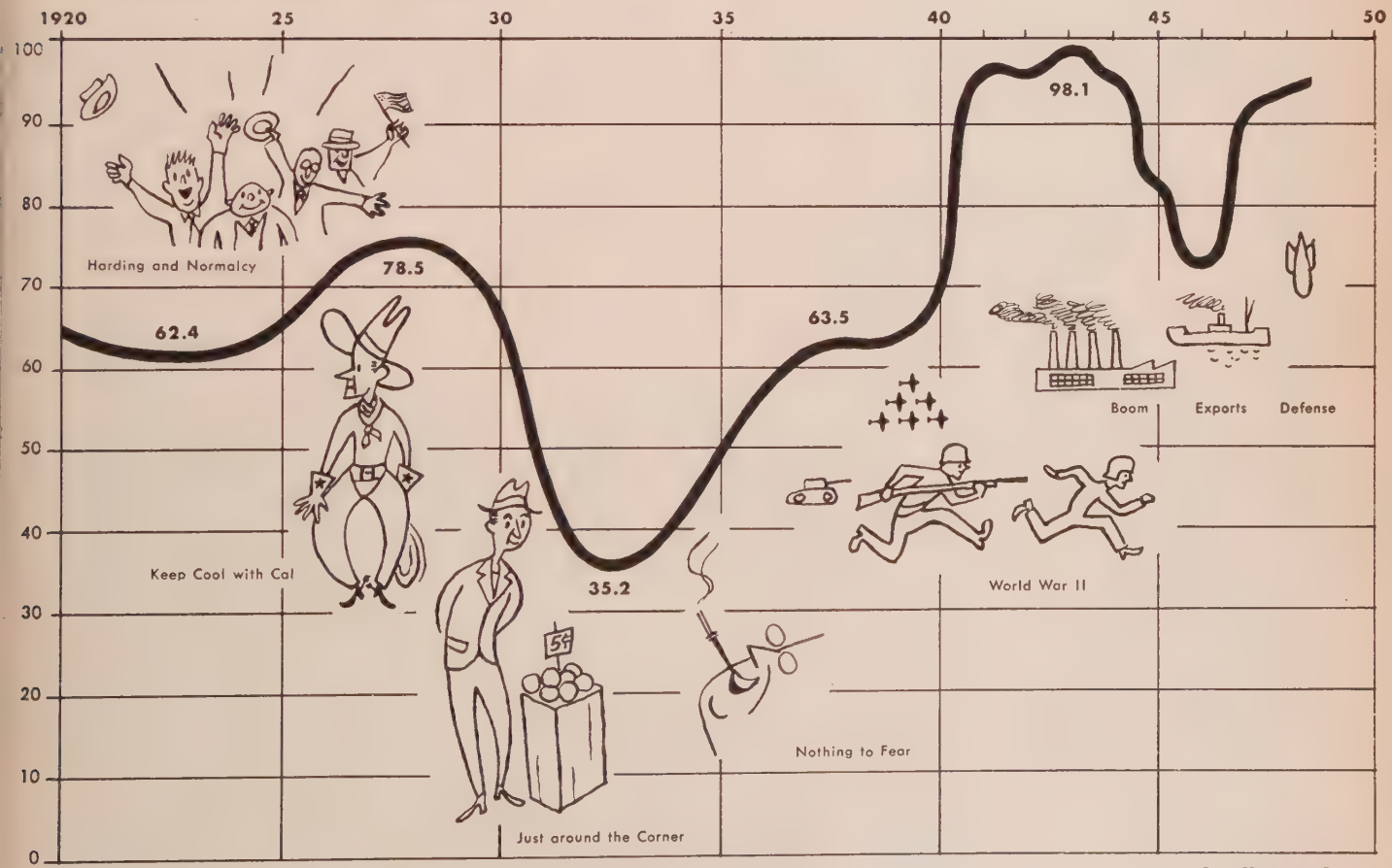
On the premise that the economy has been often faced with shortages similar in kind to the shortage of steel, notably in wartime, and has resorted to tax rebates, rapid and liberal amortization terms and other incentives to increase the supply of a crucial commodity, they propose that similar methods be invoked to overcome today's deficiency in steel. They suggest that, if the steel industry fails to take the initiative in this direction, the government might decide to do it, through the medium of a government-controlled investment board or public corporation.

To all these misgivings, predictions, opinions, conclusions and recommendations, the industry enters a blanket demurrer.

First of all, Bradford Smith, economist for the US Steel Corporation, has persuasively demolished large parts of the Bean thesis. Smith argues that Bean has arbitrarily selected his trend projection data. The result, Smith points out, is that Bean's figures call for 115 to 120 million tons of steel production currently if the country is to avoid wide unemployment. Yet employment, Smith says, is currently "full" with today's production of around 85 million tons annually. Still another of Bean's statistical projections indicated that in 1947 America should have had 100 million tons of steel, or 4 per cent of the labor force would have to be unemployed. The country had only 85 million tons, and virtually no unemployed.

A consideration stressed by all spokesmen for the steel industry is that steel is durable. It lasts a long

THE AMERICAN STEEL PRODUCTION CURVE



AT THE HEIGHT of the boom in the 1920's, American production was only 78.5 per cent of capacity. Today steel production is at 95 per cent—of a production capacity increased by millions of tons during the war—but demand still exceeds supply. ("Capacity" is the amount a plant can turn out operating on schedule with existing men, machines and methods.)

time. Even when corroded, worn or abandoned, it can be re-used as scrap. The newer alloy steels are stronger than ever before; and for many purposes less steel is required than 10 years ago.

To the recommendation that steel capacity be increased 10 million tons at once as a first step toward a "minimum" 100 million tons a year, industry spokesmen reply that:

1. Today's shortage is temporary, the result of war-sponsored pressures that cannot be expected to continue. Except for wartime periods, the capacity of steel has been always ahead of demand since the century's turn.

2. It takes steel, a lot of it, to build new steel capacity. About 3 million tons, therefore, would have to be diverted from current supply to begin, say, a 10-million-ton expansion program. But to remove this amount from the quantity of steel now available would increase inflation.

3. While steel may well be the base of America's industrial pyramid, it cannot by itself underwrite full employment. It is an important factor in the economy, but only one among many. They point out that for the very reason that steel is basic to the smooth functioning of the American economy, its producers should guard against a too rapid expansion that could lead to heavy losses to investors, management, workers, the entire national community.

4. A program of a 10-million-ton expansion, at today's inflated construction and other costs, would run around $2 billion dollars. This sum is approximately the total book value of the entire industry's plant and machinery at the moment. The cost of adding a single ton of steel-making capacity, comprising blast and open hearth furnaces, rolling mills, and supplementary equipment, today ranges from $150 to $200 a ton as against $75 before the war.

5. Exports, in the industry's view, are certain to decline as foreign nations increase their own steel output. Already, for example, steel production in Belgium, Luxembourg, Sweden and the United Kingdom exceeds 1938 levels. To be sure, Western Germany which before the war was responsible for 48 per cent of all the steel turned out in Western Europe, was down from 16 million metric tons of finished steel in 1938 to 2½ million tons in 1947. But, with the reinvigoration of the Ruhr's complex of steel making facilities, Western Germany may within the next two years break through the ceiling of 12 million tons fixed for it.

Whatever the claims of the competing interests, steel expansion in America will go forward at a pace determined by the extent of international recovery, and the skill with which America plays its world-leader role. In all probability, that expansion will move ahead at a faster rate and on a larger scale than the strongest holdbacks in the industry now envision. But it will not be so great or so hasty as the alarmists demand.

INDIA'S TATANAGAR WORKS EMPLOYS 26,000, PRODUCES 60 PER CENT OF ITS STEEL

THE MOST TREASURED NAME IN PERFUME...

CHANEL

A report from Paris to United Nations World

BY W. AVERELL HARRIMAN, *Roving Ambassador of ECA*

The Progress

OUTSIDE the Hotel Matignon, Ambassador Harriman and France's Robert Schuman take some Paris sunshine during a break in Marshall Plan discussions. Not by design, Harriman's attire epitomizes US abundance—Schuman's rumpled suit France's scarcity.

As European representative of the American economic system, Mr. Harriman summarizes his 'sales talk'— and specifically scotches the charge that the US aims to impose its system on the sixteen ERP nations

In the whispering galleries of Europe, rumors and insinuations abound to the effect that the United States intends to use the ERP as a vehicle for "interfering" decisively in the internal affairs of the recipient nations.

In this exclusive report from Paris to the UNITED NATIONS WORLD, ECA's Roving Ambassador, W. Averell Harriman, former Secretary of Commerce, clarifies the American approach.

Few men can speak on this subject with equal knowledge and authority. Together with Secretary Marshall and Senator Vandenberg, Mr. Harriman is among the major architects of the European Recovery Program, the matrix for America's new foreign economic policy. While the ERP's financial, industrial and technical aspects command rapt and rigorous attention, it cannot be properly evaluated unless it is also seen as the economic expression of a moral idea. To be sure, the passage of the Foreign Assistance Act of 1948, which gave the Marshall Plan birth and being, was hastened by the Communist triumph in Czechoslovakia, and by other moves of the Soviet Union to consolidate its power and reach out for more. But the US desire to confine and even to contract the spheres of USSR's influence, remains only a partial, if dramatic, explanation of why the ERP today is a going concern. Behind it is the willingness of the American people to assume a momentous moral responsibility: to promote world peace through economic redemption.

In this article, Mr. Harriman emphasizes the point that while the US wants to make sure that its Marshall Plan aid results in higher production and living standards, it will pursue a hands off policy as regards the right of free peoples to rule themselves and to shape their own political and economic systems.

Editor's Note

European Recovery

IT IS THE hope of the American people that the aid which is being given through the European Recovery Program will, during the four-year duration of the program, help the people of Europe to establish themselves on a self supporting basis, without further need for extraordinary outside aid.

The funds which are financing the economic recovery of Europe come from American taxpayers, and represent a sacrifice to them. Although the American people are fully aware of the benefits of this aid to the peace and prosperity of the world, they want it to come to an end as quickly as possible, and to be relieved of its burden. The majority of the goods being exported by the United States is sent only at a real sacrifice to the American people and the American economy, and Americans have the right to ask of European countries how they propose to obtain increased production from that aid.

The goods which America is sending to Europe are the extra amount needed to move European economies onto an upward path of production. However, they are only a small fraction compared to what the European nations themselves must produce. It is this larger amount, coming from European factories, mines and farms which is of overwhelming importance to recovery. It is essential that there be in Europe increased production and increased productivity before the program to make Europe self supporting can be successful.

American success traditionally has been based upon the constant and continuing ability of individual workmen and individual farmers to increase their individual production, for although the United States has about half of the industrial production of the entire world, this production has been achieved by only about six per cent of the world's population. One-fifth of the American people are engaged in agriculture, and they have been able to establish the feeding of the American people on a standard notably higher than in any other country in the world. Should other countries want to observe how the United States obtains such production, they are welcome to come and find out.

INSIDE the Hotel Royal Monceau, also in Paris, Harriman and Baron Charles-Jean Snoy, head of Belgian's CEEC delegation, blink in the blaze of a flash bulb as they sweat out details of Belgium's requirements for the first year of Marshall Plan aid.

We make no apology for the American free enterprise system which has brought such high productivity to the American people. On the contrary, we believe the achievement to be of such magnitude that it deserves consideration by others. Even so, we have no function or intent to interfere with the choice made by free governments regarding the mode in which they regulate their own internal production.

By virtue of its free institutions, the United States has attained the world stature and the economic strength which now enable it to assist Europe; and it will continue to be in the interest of the United States to see preserved in Europe the same democratic institutions and the same cultural traditions that America enjoys as a heritage from the old world.

So far, the progress toward recovery that has been made by these 16 ERP nations is very reassuring. As an American, I must congratulate the people of western Europe on the progress they have made, and express my pride in our part of the outside assistance that has made this progress possible.

It augurs well for the future.

The ECA—Step by Step

Just what must be done—and how—to convert a European businessman's demand into an American businessman's order and finally to achieve delivery to one and payment to the other

BY HERBERT HARRIS
World Business Editor

No TRUMPET flourish marked th signing of the 16 bi-lateral trad treaties between the US and the ER nations. Fanfare was not needed. O the big boards bonds firmed up, an a quiet sigh—"now it's down in blac and white"—was exhaled in the bus ness centers of the West from Stock holm to Milan. Realists recognize that the operational, in contrast t the policy, phases of the ERP wer at long last under way.

Misgivings about most favored na tion clauses as extended to Japan Germany and Korea, together wit qualms about America's exercise o the right to call for revision of cu rency exchange rates, were forgo ten or pushed aside. In this connec tion, the ERP nations, as the partie of the second part, expressed th hope that the preponderant financia strength of the US would not in effec result in unilateral decisions.

This was it, the genuine and con crete start of new beginnings.

A WESTINGHOUSE TURBINE TO POWER ERP IS LOADED ON A FLAT CAR EN ROUTE TO LYONS

The ECA, of course, has been designed to serve uniformly the recovery needs of the ERP countries slated to get economic aid. The principles proclaimed are the same for all recipients. However, in each participating country, the specific techniques under which the ECA operates are dovetailed with the indigenous practices which shape the financial, industrial and governmental customs and patterns of that nation.

Because of this variety and because nothing quite like ECA has ever functioned before, a vast amount of speculation surrounds US overseas trade under the Marshall Plan. A very real need exists for a detailed accurate appraisal of the background and conditions which govern the placing and execution of ERP orders for American wares. The UN World therefore offers this exclusive survey of what happens, and why, and when. This survey covers and explains every major step from the origin of a typical order in Western Europe through its approvals, ratings of essentiality, import licensing, financing, placement and export control, to final delivery and payment.

The Groundwork

Even before the wheels of an actual ECA transaction start to turn, a great deal of the road has been paved and guide posts put up. While Congress was still debating the forms that ERP aid should take, Western Europe's experts in government agencies, the secretaries of industrial associations and farm organizations, the executives of individual business concerns, were already at work to discover how the interests they represented could fit into the overall ERP scheme, both in terms of what they required —at least tentatively—and what the US was able or willing to supply.

The scope and urgency of this preparation varied in degree but not in kind in every ERP nation. It enabled them to draw up flexible specifications for the first quarter's program of assistance under ECA and to lay the groundwork for its successors every three months.

To provide a hypothetical, but typical, case history to illustrate this whole process, the editors of UNW have selected France because it is (1) the economic crossroads and cross section of the continent; (2) it represents a diversified economy, with colonial possessions; (3) it offers a significant fusion of free enterprise with semi-planning; (4) the French approach toward implementing ECA is marked by initiative, a hard-headed commonsense and a Gallic logic.

Six major private and public agencies are the channels through which all ECA transactions with France flow:

1 The Ministries of Commerce and Industry, Economic Affairs, Agriculture.
2 The Office of Exchange which is in charge of currency controls and regulations with broad powers in the sphere of foreign trade.
3 French commercial banks.
4 American commercial banks.
5 The Credit National of France. This was established after World War I to aid in financing reconstruction of France's war devastated areas. It is technically a private institution which in practice performs public service. It is not only the medium for clearing all monetary phases of exports to France under the ECA, but it is also the guardian for the $1.1 billion allotted to France under the first year of ECA when this sum is converted into francs. The Credit National, under the ECA, is the lubricating force. It acts as France's co-ordinating agency to verify the provisions of every ECA contract, both at the French and American ends. Moreover, under a law passed on March 21, 1948, it was assigned the task of administering the autonomous Bank for Reconstruction which copes with every sort of obligation which the state has assumed to restore war-devastated areas.
6 ECA in Washington and its Mission in France.

In the same way that during World War II the allies named various landings as Operations this and that, the French under the ERP (which for them is a war against adversity) call the techniques of ordering US supplies Procedures: Procedure Dollar, Procedure Bank, Procedure Seller and Procedure Direct Delivery.

There are certain preliminary steps which the French entrepreneur or farmer who wants US goods under ERP must take to qualify him to place his order. First of all, he has to get his need sanctioned by the Ministry which has jurisdiction over his field of activity. If for example, he is a farmer and wants a tractor, he has to obtain clearance from the Ministry of Agriculture. If he manufactures electric wire, and must have copper, or if he makes textiles, and needs raw wool or cotton, he clears through the Ministry of Commerce and Industry. If he is a contractor and must have a bull-dozer, he clears through the Ministry of National Economic Reconstruction.

1–Procedure Dollar

The French buyer may purchase the dollars he needs directly from the government's dollar reserve and himself pay directly the American firm supplying his commodity. In this case the ECA will reimburse the French government reserve fund an equal number of dollars. How much the buyer must pay for his dollars will depend on the priority rating given his purchase. If he has a high priority, he can buy dollars from the Office of Exchange at only 214 francs per dollar; if not, he must buy dollars in the open market at a higher rate, conforming with the rate of exchange to which he has been adjudged previously entitled. Procedure Dollar is not likely to be widely invoked because of the small size of the French dollar reserve and the desire of French treasury officials to retain as many dollars as they can to be able to bolster their currency, or to buy scarce goods from countries, other than the US, which will sell only for dollars.

2–Procedure Bank

Under this alternative, the ECA gives a letter of commitment to an American bank chosen by the French Government, authorizing this bank to pay the American company with which the French order has been placed. The ECA is pledged to reimburse the American bank. The French importer must pay to his own local bank for deposit at the Credit National an amount of French francs corresponding to the amount of dollars to be used in the transaction. In the view of M. Eugène A. Marquais, chief representative of the

Credit National of France in the US, this procedure will be followed in the overwhelming majority of cases.

3–Procedure Seller

In this instance, the ECA sends a letter of commitment to the American supplier instead of to his bank, directing him to execute a given purchase order. In this case, the ECA will directly compensate the seller, the French importer paying a corresponding quantity of francs through his local bank. This will be resorted to rarely, since it would entail too much red-tape for the American company which would have to process and fill out all the records of the transaction instead of letting the bank worry about it.

4–Procedure Delivery

It will be remembered that this category covers transactions in wheat and other basic agricultural commodities, and some others in exceptional cases. These, under ECA law, must be traded exclusively between the US Government and the governments of the ERP nations. Ultimately, all requests must be cleared through the Ministry of National Economy. In such deals, the ECA itself makes deliveries to France and debits its account with the corresponding amount of dollars. The ultimate receiver of goods, whether a private business or a government agency, must deposit the counterpart of the dollar price of the order in francs.

Up to the beginning of July 1948, France has received 90 million dollars' worth of goods, mainly under Procedure Bank, and $40 million under Procedure Direct Delivery—or a total of $130 million (which includes $40 million advanced by the Export-Import Bank before the ECA appropriations were passed by Congress in June).

To facilitate doing business abroad, US suppliers should know how ECA orders are placed and how particular American firms are chosen. Again using France as an example:

■ In the overwhelming majority of cases, orders for American goods are assembled by trade associations, industrial syndicates, farm organizations.

■ These carefully evaluate the suitability of a given commodity to the particular needs of their memberships, and by this means determine what product of which US firm can best fill their requirements.

■ Goods to be purchased are further examined by representatives and technicians from each of these groups with corresponding government bureaus which are also interested in providing the French economy with imports which best fit its needs.

■ The ECA itself, through its missions, which give the preliminary and indispensable okay to any "assistance requested," is also interested in attaining the greatest efficiency in applying American goods to spark French recovery.

Hence the elements of competition among American concerns is not only preserved but even heightened under the conditions which mark French placement orders.

While some of the first rules have been laid down, the ECA has set such a new stage for export-import dealings that businessmen can no longer count entirely upon their past experience as guide.

When an authorized organization or firm or individual intends to buy a specific product under ERP, the first step is for the French Ministry of the National Economy to draw up an "Assistance Request." The ECA then gives the "Procurement Authorization." All this is contained in a single document called "Assistance Request and Procurement Authorization."

This is the first basic step that starts the transaction rolling. The document specifies where the merchandise is to come from; what raw materials will be used in its making and where these are to originate. (Sometimes it may be specified that the material must come from outside the US—from Canada, for example, or elsewhere—especially in the case of strategic materials that US may be stockpiling).

The price is always stipulated in dollars.

The destination is carefully set forth. Proof of delivery to the proper place is required under a system of rigorous inspection. A given product may be assigned for delivery to (a) European France; (b) French North Africa; (c) the four overseas departments: Martinique, Guadeloupe, Reunion and Guiana; (d) overseas dependent territories and colonies such as Madagascar or French Equatorial Africa.

This document, which applies to all 16 ERP nations, becomes valid only after two signatures have been affixed: that of Paul G. Hoffman or his surrogate for the ECA, and that of the representative of the buyer's government in charge of the particular transaction.

Although the signature of the ECA is the decisive one, a very tactful *modus vivendi* has been evolved under which the representative of the French government is to sign first, thus leaving open the door for an area of negotiation and maintaining a certain elasticity and flexibility before the final irretrievable stroke of the Hoffman pen.

Letter of Commitment

This comes into play only under Procedure Bank and, infrequently, under Procedure Seller. It is issued by the ECA as a promise to reimburse the American bank for all payments disbursed as directed by the French commercial bank in accord with outlays sanctioned under Document, "Assistance Request and Procurement Authorization."

A copy of the latter is attached to the Letter of Commitment. The two, taken together, afford the American bank a margin of safety since at a glance it can tell what precisely has been, and is to be done.

Once the "Assistance Request and Procurement Authorization" and the Letter of Commitment have been put into effect, the buyer is empowered to clinch the deal with the American vendor by signing a contract setting forth specifications, price, delivery date, etc.

The Money Moves

In all four Procedures, before the buyer can finally receive his goods he must first obtain a guarantee from his bank, to pay into the Credit Nation francs equivalent to the dollar value of his purchase.

The buyer then may obtain his import license from the Office of Exchange. His request for this license

is graded by (a) how important it is to France's economy and (b) how it corresponds to America's ability to supply it.

Essentiality, as specified earlier, determines the buyer's rate of exchange. For example, the manufacturer of wire for power lines, crucial to French recovery, would be given about 214 francs to the dollar. Others might have to pay the "open market" rate— a fluctuant 305.

Once his rate of exchange has been fixed, the buyer agrees to deposit the equivalent in francs of the sums to be paid for him in dollars to the American supplier. This obligation to balance—or buy—dollars with francs applies in all four procedures. His contract and import license are then transmitted to the Credit National together with a letter testifying that his bank, which must be on the approved list of the Credit National, will underwrite the transaction.

As soon as the American bank has accepted this letter of commitment, the Credit National in Paris is notified. When this has been accomplished, the Credit National sends to the French importer his import license, accompanied by an ECA Information Form in quadruplicate which thereafter controls the entire operation, since on it is recorded every step in the transaction. The French importer fills out these forms and forwards the whole dossier to his bank. The bank processes the forms, keeps one for its records, sends two to the Credit National in Paris with photostatic copies of the original contract which it retains.

The fourth copy is dispatched to the American bank together with instructions for payment to the supplier. The Credit National in Paris forwards its two copies to the staff of the Chief Representative of the Credit National in New York's Wall Street section. The two copies of the contract are then sent to the ECA in Washington, and a certificate is sent the American bank to establish that the contract copies have been deposited with ECA.

When the American bank is certain that the order is officially "on the books," it is in a position to execute a letter of credit in favor of the supplier.

This letter of credit entails obligations for the supplier. He has to produce not only the customary commercial documents such as his statement of financial reliability and export license but also a copy of his voucher, a bill of lading, a bona fide confirmation on his part that he has accepted and will carry out the order in good faith.

The American bank has to notify the French bank when payment is made to the supplier and send also the customary commercial papers. It also keeps the Credit National posted on developments and sends the documents which validate the transaction to the ECA which then reimburses it for its outlays.

Similar regulations prevail in the case of a purchase by a government-owned or controlled or operated enterprise such as the state tobacco monopoly, or the French railroads, or the recently nationalized coal mines or civil aviation.

Paying the Freight

Under the ECA law, at least 50 per cent of US exports must be carried in American bottoms. ECA cargo transported in French ships does not entitle France to reimbursement for freight costs. If transported in American or other holds, however, it is paid back, out of ECA funds. ECA dollars diverted to pay freight charges cannot be used to buy goods.

To sum up:

■ A particular operation really gets under way after the ECA forwards the Assistance Request and Procurement Authorization to the financial services of the French Embassy in Washington and also notifies the French Commercial Attaché that the Letter of Commitment has been dispatched to the American bank. In turn, the Embassy's financial services in Washington transmit these data to the French Ministry of National Economy in Paris.

■ That is the ratchet that flashes on the green light for: (1) granting to the French buyer his indispensable import license, (2) for giving him his rating of essentiality and the rate at which he can purchase dollars, (3) for enabling the French commercial bank to guarantee payment, (4) for the signing of the contract between French purchaser and American vendor, (5) for allowing the former to acquire dollars under Procedure Dollar, (6) for authorizing the Credit National to supply the French buyer with the ECA Information Form in Quadruplicate.

■ While all this is going on, nothing happens on the American side until the French bank instructs the American bank to pay the American supplier. With this instruction for payment go copies of the contract, together with one copy of the ECA Information Form, while two go to the Credit National and the fourth is retained by the French bank.

■ The documents which validate the transaction are returned by the American bank to the ECA as the basis for its reimbursement. It also notifies the French buyer's bank. ECA notifies the Credit National in New York which informs the Credit National in Paris.

■ Final settlement takes this form: the American bank through the Credit National in New York sends its copy of the ECA Information Form, stamped paid, to the Paris office of the Credit National. The French bank sends its copy of the ECA Form, stamped transaction completed, after the French buyer has paid. The Credit National in Paris compares the two forms, makes sure that they confirm each other, validates the completed transaction and stores the records.

■ If the cost of the French purchase is less than the amount estimated and authorized, the unused residue reverts back to central ECA funds earmarked for French use.

France's share of ERP funds will result at the end of the first year of operation in the accumulation of some 250 billion francs—the equivalent of $1.1 billion.

Both American and French economists and statesmen seem to agree that a varying percentage of this vast sum should be kept constantly out of circulation to ease inflationary pressures. As to the manner in which the rest of these funds should be spent, however, there is incipient divergence of opinion.

The French are inclined to spend most, if not all of this money, on expanding and integrating the economy of European France, to increase steel capacity and hydro-electric power grids and steamline railroads. On the other hand, some Americans, mindful of the urgent necessity to the US of a sufficient supply of strategic raw materials prefer to see these funds invested in France's colonial areas which abound in critical minerals such as mica and graphite in Madagascar.

Latin America

Goes After More and Bigger Busines

First need: capital to produce more power

to produce more goods, food, wages and schools

BY HERNAN SANTA CRUZ
Chile's Chief Delegate to the UN

THE 150 million people of Latin America want more.

They want more to eat, especially in Central America which shares with Asia the record of being the world's most malnourished area.

They want more medical care to reduce the infant death rate, which now stands at a terrifying 123 out of every 1,000 live births.

They want more education to reduce illiteracy, which ranges from 12 per cent in Argentina to 82 per cent in Honduras, and averages some 65 per cent.

They want more electric power. To get it they are determined to develop their hydro-electric potentials which are three times those of the US.

They want to dig more copper which now constitutes one-fourth of world production; mine more tin (one-third) and pump more petroleum (one-seventh). The fact that these enterprises are mainly owned and operated by foreign capital and personnel is all right with, but not good enough for, Latin Americans. They want all such activities to contribute more substantially than they now do to Latin America's own industrial expansion, with a consequent rise in living standards.

They want to create their own climate of capital accumulation and train their own technicians, and a larger force of skilled labor—not to supplant but to supplement what has already been established.

At the moment while the UK has $3½ billion and the US $4½ billion invested in 20 Latin American Republics, the latter contend that a disproportionate share of earnings is siphoned off overseas; and that too little is left for use in enlarging plant and purchasing power. In seeking to attract more public and private capital, they believe that a new *modus vivendi* can be worked out under which outside investors and intrepreneurs can be assured of high returns while more positively stimulating Latin America's own economic advance.

In brief, they want more of a say in determining their economic fate, individually, nationally, regionally, hemispherically, and globally. They feel that they have a very cogent case as an underdeveloped area. When Secretary Marshall at the Bogota conference offered them $½ billion in US credits, their lack of enthusiasm mirrored their belief that his act was more a token recognition that they had a case, than a proper evaluation of its merits.

They will continue to push for larger loans both from US government and private sources as well as the World Bank. They particularly want fresh funds to exploit more rapidly, and more to their own benefit, their rich deposits of minera vital to modern industry such as iro (Brazil has the greatest iron ore r serves in the world), tungsten, lea mica, vanadium, manganese (coal the only important mineral that Lat America lacks).

They want also to replace primitiv methods of agriculture, which no engages an average 67 per cent their populations, with tractor chemical fertilizers and the like. The want to learn how to conserve an irrigate the soil. They want to buil more railroads, more and better hig ways, make their rivers more nav gable. They want more cars, radio telephones, school buildings and a that these symbolize.

This striving for a more ample li is glamorously alive from the Gulf California to the Straits of Magella It raises new problems, new cha lenges, and new opportunities f American businessmen who, in tra ing with Latin America, have alwa had to put psychology on a par wi economics. It was this striving whi was the invisible but decisive infl ence behind the resolutions, a rhetoric and blueprints that mark sessions of the Latin American Ec nomic Commission, a UN appendag meeting last month in Santiago, Chi There the delegates hammered o the ideas described by Ambassad Santa Cruz on the next page:

A First-Person Report from Santiago, Chile . .

THE lights that blazed late each night from the windows of the block-square Congress Building in the heart of Santiago last month were the symbol of new stirrings and new aspirations among all the people of Latin America. The lights were seen only by Chileans, but word of them was carried by press and radio to all the continent. Everywhere people were heartened and impressed by the spectacle of United Nations representatives working 18 to 20 hours a day, pondering reports, assembling statistics, preparing graphs and charts to define the economic needs of Latin America, and to devise methods for fulfilling them.

TIME OUT FOR THE DELEGATES

SUCCESS to the Economic Commission for Latin America is toasted in Santiago by (from left) Hernan Santa Cruz, President Gonzalez-Videla of Chile, Carlos d'Ascoli of Venezuela and Pierre Denis of France.

These round-the-clock workers were delegates of 24 nations (the 20 Latin American Republics, US, UK, Netherlands and France)—the Economic Commission for Latin America. Their diligence demonstrated the constructive purpose and efficient functioning of the UN much more eloquently than any headlines or broadcasts from Lake Success.

The needs they found are exigent. Measured in dollars, the average annual income per individual in Latin America's four most industrially advanced countries is: Argentina, $297; Chile, $134; Brazil, $84; and Mexico, $66. By contrast the average annual income in the US is $1,200.

It was with Latin America's needs in mind that I recommended last year to the UN that it establish an Economic Commission, first to diagnose the causes of Latin America's poverty and then to specify lines of treatment for curing it. I also suggested that the UN by means of deeds and accomplishments in the sphere of social and economic progress could prove to Latin Americans, and to others, that the UN is not exclusively an arena for the great powers.

In a mood of astringent realism, the conferees addressed themselves to these urgent and immediate questions:

1. How to induce a larger influx of investment capital to develop Latin America's fabulous industrial possibilities.

2. How to diversify the Latin American economy. Coffee, cocoa, cotton and bananas, for example, account for almost the entire exports of Central America, while 90 per cent of Venezuela's exports consist of mineral oils, 70 per cent of Bolivia's exports of tin, and 80 per cent of Chile's exports of nitrates and copper. When outside markets shrink, joblessness and destitution are intensified.

3. How to combat the postwar inflation magnified by the underdeveloped character of Latin America's economies with their inability to overcome shortages in manufactured wares, now chiefly imported.

4. How to acquire new foreign exchange to replace that dissipated by the inflation, and by the contracting value of Latin American holdings in dollars, pounds, francs and guilders.

Four major findings emerged from the exchange of views and data.

First of all, it was agreed, that the ills of Latin America are essentially the same in all countries. The only differences are in shading. The adverse social effects of its economic ailments are almost equally grave throughout the 20 Republics. The remedies for all are so similar as to be almost identical.

The second conclusion was that the nations concerned must industrialize at a faster pace and on a larger scale than ever contemplated before. They must co-operate with each other, pool talents and ideas, create customs unions and common defenses against inflation and other economic plagues.

Third, the US, UK, Dutch and French delegates favored—rather than opposed—the rapid and intensive industrialization of Latin America. They took the view that the resulting higher living standards in Latin America would increase their own prosperity by making Latin Americans both better customers and better vendors.

Finally, the conference exploded the widespread delusion that Latin American nations are looking for a Marshall Plan of their own. Emphatically, they are not. The problems of Latin America differ drastically from those of Western Europe. Latin America is underpopulated. It has potential riches of enormous, of even incredible, value. To tap its resources, it needs machinery, capital, technical aid. Any public or private agency that can provide these three prerequisites can be guaranteed fair and certain profits. The only rules will be adjustment to the laws of each country, and respect for its sovereignty.

on the Steps Taken by the Economic Commission

The UN's Greatest Triumph

The Council Orders Cease Fire—and the Armies Stop Firing

AT 3 P.M. Greenwich Mean Time on Sunday, July 18, the United Nations scored its greatest victory. The Palestine war was stopped after the Security Council *ordered* both sides to lay down their arms.

Individual credit goes to Count Folke Bernadotte, who has proved himself the world's most indefatigable peace-maker and its most peripatetic.

During the first four-week truce, Bernadotte tirelessly shuttled by plane from Rhodes to Cairo to Tel Aviv to Amman. His suggestions turned down by both Jews and Arabs, he flew to Lake Success where his presence was a shot in the arm to the Security Council. It was his presence and his eloquence that pushed through the Council the US resolution to threaten sanctions.

WHO BLOCKS OUT FOUR HEALTH PROGRAMS

The first World Health Assembly met at the end of July in Geneva. Its incredibly difficult problem, simply put: to find the best ways to apply modern scientific knowledge and resources to prevent avoidable suffering and raise health standards.

Malaria, tuberculosis and venereal disease are the endemic afflictions on which the World Health Organization (WHO) will concentrate this coming year. Maternity and child health problems are also at the top of the list.

WHO's 1949 budget is $6,324,700. This is the only one of UN's 13 specialized agencies to which USSR belongs. The Assembly unanimously granted the US (which contributes 40 per cent of WHO's budget) full membership, despite the "escape clause," providing for optional withdrawal at the end of a year, tacked by Congress to its approval of American participation. The motion to accept US as a full member was made by Russian Delegate Dr. N. A. Vinogradov, who paid tribute to American hard work and support of the cause of international health.

UNHAPPY ANNIVERSARY OF HIROSHIMA

The Atomic Energy Commission filed its Third Report last month, together with its first two—all recommending the US-inspired proposal for international control—for Security Council approval. No one expected approval, of course. The USSR, Delegate Andrei Gromyko wielding the veto, stood firm for its own rejected plan (which gives more power to individual nations, less t the control agency).

The Security Council thereupo deposited all three unsuccessful re ports into the lap of the General As sembly as a "matter of special con cern." And, while those who knov how, fearfully build bombs with thei fissionable elements, the crucial ques tion of atomic energy for industria uses remains as firmly stalemated a bomb control.

INTERNATIONAL THEATRICAL MEETING IN PRAGUE

The asbestos curtain rose last month on UNESCO's first Internationa Theater Institute. Playwrights, actors and producers from more than 2

THEY STOPPED A WAR

UN'S BIGGEST JOB. Count Folke Bernadotte, tanned but tired after failure of first truce, listens while Security Council President Dr. Dimitri Z. Manuilsky (Ukraine) gestures. Bernadotte, backed by Council, asked for and got new truce

countries met in Prague to lay the cornerstone for UNESCO's latest project.

Art, unlike politics, has few barriers. The Institute will stimulate exchange of theatrical companies as it has already between Britain and the United States. The Old Vic company from London played to record audiences in New York during recent seasons, as did the Habimah from Tel Aviv.

The Institute will also collect and distribute information on new plays and production methods, on technical facilities in different countries, seating capacities in theaters, censorship and employment regulations. Also, it will try to whittle down currency and customs hazards for traveling Thespians.

National centers are being set up to aid the program. Noted composer Heitor Villa Lobos is vice president of the Brazilian center: Armand Salacrou, the famous playwright, is president of the French center. In the US the American National Theater and Academy (ANTA) has set up a committee to work with UNESCO and the new Institute. Rosamund Gilder, secretary of ANTA, Warren Caro, of the Theater Guild and Clarence Derwent, of Actors' Equity are representing the US in Prague.

LITTLE ASSEMBLY PROPOSES LIFTING THREE VETO PRIVILEGES

The "Little Assembly," set up last fall by the General Assembly, has submitted its first report—on the veto. Recommendations: one, that cases of peaceful settlement of disputes should not be subject to veto in the Security Council; two, that membership applications should not be subject to veto; three, that the "double veto" be done away with. (The last was used in the Czech case by Andrei Gromyko of USSR. He voted that investigation was a substantive, not a procedural matter—Veto #1, and that no investigation should be made—Veto #2).

PALAIS CHAILLOT—HERE WE COME

On the bulletin boards at Lake Success, notices of sublets in Peter Cooper, Parkway Village and other New York housing projects favored by UN personnel, are sprouting like mushrooms. Around the water-coolers and in the powder rooms there are mutterings and envious looks toward the Chosen Few. Six hundred UN employees have been selected to work for the General Assembly opening September 21 in Paris. Almost half of these lucky ones are combining business with pleasure and taking home leaves while in Europe, an economy for the UN.

SECURITY COUNCIL GIVES FRANCO NEW REPRIEVE

Franco Spain turned up again last month when the Security Council got around to discussing the Assembly's recommendation of last December that it keep a weather eye on Dictator Franco lest Spain become a threat to international peace.

"Has anything important happened in Spain?" asked pro-Franco Jose Arce, of Argentina. His latest news from Madrid was merely to the effect that the Duke of Alba had left for a vacation in Scotland, he observed owlishly.

Canada, Britain, Syria and the US didn't joke, but neither did they think Spain is threatening the peace of the world. None saw need for action. Messrs. Gromyko and Manuilsky, for USSR and the Ukraine, thought Spain ought, at least, to be discussed. "To some, the situation appears normal . . . to others it does not," observed Mr. Gromyko.

Spanish events cast other shadows in the UN. A special report on refugees to the Economic and Social Council reported again on 200,000 unrepatriatable Spanish Republican refugees from Franco.

INTERNATIONAL SCOUTS SUMMER ON OCTOBER MOUNTAIN

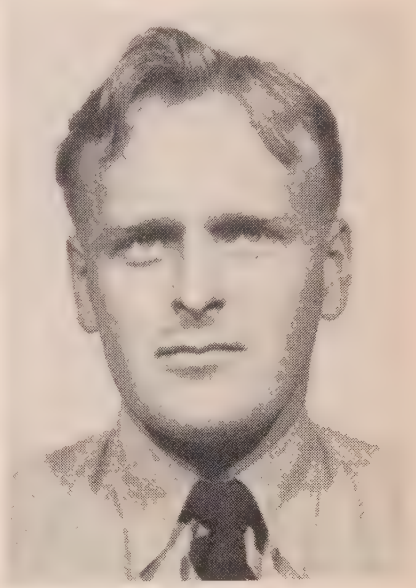
Citizens of Berkshire County, Mass., are hosts this summer to 17 boys, ages 12-15, at the Boy Scout Camp on October Mountain. The guests, sons of delegates and Secretariat members, hail from China, Poland, England, Afghanistan, Chile and Ecuador. All are members of the United Nations Boy Scout Troop, the first international troop.

ESSENTIAL GARMENT PROGRAM INSTITUTED BY ICEF

Babies in Europe and China have been wearing diapers made of rags or paper. But soon they will have real cotton diapers—the first great need, next to milk, in many European countries. The International Children's Emergency Fund (ICEF) bought over a million dollars worth of American cotton cloth which it will distribute free to needy mothers who will then hem up the diapers.

The Executive Board of the Fund also set aside more than three million dollars to buy wool, leather and cotton. Representatives are in New Zealand and Australia now, buying wool which will be woven into clothing and blankets this fall. Leather will be shipped "raw" to needy countries to be made into shoes by their own workmen.

HE GAVE HIS LIFE



FIRST CASUALTY of UN's "peace soldiers" was Ole Baake, a Norwegian who volunteered for Palestine duty.

STICKING TO THE UNION

At San Francisco, the General Conference of the International Labor Organization (ILO):

- Approved a convention on freedom of association. By ratifying, member nations will guarantee the right of their workers and employers to create and join organizations of their choice.
- Asked ILO's permanent Secretariat, whose headquarters are in Montreal, to survey conditions of domestic workers.
- Also asked for survey of working conditions in the glass and aircraft industries to make sure employees are protected by national laws.
- Approved the 1949 budget of more than five million dollars—11 percent over the 48 figure—of which the US contributes 18 per cent.

UN COMMISSION STARTS PEACE-MAKING IN KASHMIR

The UN's Commission for India and Pakistan is at work on a tough job:

arranging a plebiscite to decide the fate of Kashmir, beautiful, strategic valley land in the foothills of the Himalayas.

There are 20 members of the UN party. First to be named to the rotating chairmanship of the five-nation commission is the Argentine diplomat, Dr. Ricardo Siri.

TEACHING CHILDREN TO BE HUMANS

One of the grimmest inheritances left behind by War are children who are no longer young. Four hundred of them, all orphans, are living at Pestalozzi Village in Trogen, Switzerland, which was built two years ago, the idea of a Swiss, Walter Corti. Children live in "national villages" and are taught the language, cultural and religious traditions of their homeland. But all play together and enjoy community singing and dancing.

On July 24 educators and psychologists from Belgium, Denmark, France, Greece, Hungary, Italy, Netherlands, Poland and Britain went to Trogen to observe the experiment and compare notes. The conference is sponsored by UNESCO and, for the first time, a German psychologist has been invited to attend as an observer.

The basic problem is how to help such children become normal, healthy-minded citizens. A UNESCO staff member tells a story that points up the problem. A group of Polish orphans were housed in a chalet at Pestalozzi. Their broad windows faced toward Germany. At first, the fear-and-hate-ridden orphans shuttered the windows and refused to look out of them. After a few weeks of patient kindness, the children opened the windows and looked into the country of their enemy without fear.

The children at Pestalozzi have enough to eat, but there are still 4 million more with hungry eyes and wasted bodies.

A severe blow to the International Children's Emergency Fund came in June when the US Senate pared a House grant of $60,000,000 down to $20,000,000, raising this to $35,000,000 in joint conference later.

UN NEWSMEN ORGANIZE TO PROTECT THEIR RIGHTS

More than 50 members of the press and radio representing 13 countries have organized the UN Correspondents Association to promote their interests and "to protect the rights of correspondents to secure accreditation and unhindered access to the United Nations headquarters or regional offices and their normally available press and radio facilities."

Although the organization will have no UN status it will be able to help correspondents outside the US get accreditation cards to the UN, a matter which twice in the past was a subject of controversy between the US State Department and the UN.

A board of nine was chosen with careful attention to geography and New York *HERALD TRIBUNE*'s John Rogers was elected president.

PEDAGOGS PONDER THREE R'S—AND UN

UNESCO's 1948 teachers' seminar is being held now at Adelphi College near New York. There 45 educators from 23 countries are pondering how to teach their charges what the UN and its specialized agencies are and may be. The course will last six weeks, will prepare sample study plans, the use of film strips, radio and play scripts. Most of the study aids will be tailored to fit the 12-18 age group. Director of the Adelphi seminar is Dr. Y. R. Chao, professor from the University of California. One of Iceland's most popular authors of children's stories is attending, as is the director of curriculum from Chile's Ministry of Education, a producer from Gaumont-British Films, a Negro educator from Birmingham, and from Afghanistan—a radio director.

UN SEATS FOR CEYLON AND SAN MARINO?

Ceylon, former British colony, famous for cinnamon and tea, may become the 59th member of the United Nations. The Security Council's membership committee—except for USSR and Ukraine—is supporting its application. The latter two may contest the application — on the ground that Ceylon is not fully independent.

Another applicant is San Marino, the oldest and tiniest republic. While in the asking mood, her foreign minister applied in Washington for Marshall-Plan credit and, in Rome to the Allied Control Commission for $1,220,000 war reparations.

GREEN LIGHT FOR KOREAN ASSEMBLY

Almost two months after the balloting, the UN's Temporary Commission on Korea has decided unanimously that the elections were fair, the "valid expression of the free will of the electorate in those parts of Korea accessible to the Commission" (South Korea, inhabited by more than two thirds of the population). The Commission's report will go to

HUMAN RIGHTS ARE ON HER MIND

HISTORIC MOMENT. Chairman Mrs. Eleanor Roosevelt listens pensively as world's first international Declaration of Human Rights is adopted in commission. It is now under discussion by Economic and Social Council meeting in Geneva.

the General Assembly this fall. Meantime, Korea—North and South—is still occupied by Russian and American soldiers. Northern stoppages of electric power for the Southern Zone resulted in an exchange of notes between commanding generals.

THINGS YOUR NEIGHBOR DOESN'T KNOW ABOUT UN

More than 90 per cent of the Arab delegates are graduates of the American University in Beirut. . . . Orange juice is the favorite drink at the bar in the Delegates' Lounge. . . . Visitors ask to see (a) Andrei Gromyko, (b) the cafeteria, (c) Trygve Lie, in that order. . . .

DISQUIET BUT NOT DISASTER ON THE EASTERN FRONT

Since last winter, Dutch and Indonesian Republicans have been meeting in Batavia to settle their differences under the guidance of the UN-sponsored Good Offices Committee. Last month, the Committee sadly reported that, though the parties met, they did not agree; that trade in and out of Republican-controlled territory is practically stopped; that the Indonesians are suffering severe shortages of medical supplies and food as a result of an alleged Dutch economic blockade.

The Security Council listened, squabbled perfunctorily, and finally instructed the discouraged Committee to keep on trying.

JEANNE WASHABAUGH

AIR SAFETY

BALLOONS like this are part of floating weather stations maintained in Atlantic by UN's aviation agency.

It's a UN Job– Sheep Dog To Photographers

MRS. AUDREY LANGSTON who is Chief Liaison Officer for Photography at Lake Success has what she calls a "single-handed double job." We talked with her for a few hours the other day and to our satisfaction verified the claim.

Besides supervising camera work at General Assembly and Security sessions, early and late, Mrs. Langston is the very motherly parent of 8-year-old twin boys who are a career in themselves. From England's Northumberland, the boys consider themselves half Scotch—"It's the kilts—they adore them!" Mrs. Langston herself seems half American—breezy manner, slim figure, trim hair-cut, diverting use of Americanese. She has developed a keen interest in fashion since arriving in October, 1945.

Her job isn't to take pictures. She just arranges for them. If a newspaper wants a shot of Mrs. Roosevelt and Faris el Khouri, it must be arranged without breaching protocol or antagonizing the subjects. "Gromyko was a tough one—he didn't like to pose. But if we waited until he was in a likely spot and then snapped him, he didn't mind a bit."

During General Assembly she has to be a "sheep-dog." "As soon as the gavel goes down every photographer must clear out: it's my job to see that he does." During the first General Assembly in the US, when Molotov appeared everyone wanted a picture. All the photographers snapped furiously, bulbs flashing, until the meeting was about to begin. A tardy one panted up, toting camera and bulbs. He begged, cajoled—just one shot or he would lose his job.

With a qualm, she consented. Then, in full view of everyone the thing happened that never happens—the bulb exploded right in Molotov's face, showering him with broken glass. The huge hall seethed with conjecture. Secret police and delegates milled about. "Molotov was the only calm one—he never batted an eye. But it was awful: assigned to be inconspicuous and being so terribly conspicuous!"

She still likes photographers, though. The inimitable Leo Rosenthal, UNW's own photographer, known to everyone at Lake Success, is her favorite character. Cameramen are never dull, she says. Like the one at a night session of the Security Council in June. Substituting for his paper's regular man, he was more used to baseball than protocol. "We have the regulars beautifully trained. This guy didn't know the rules and couldn't care less. It was the time Austin was speaking so long about salvaging the holy places of Palestine—I guess a juicy murder was more his meat. Just happened to glance up at the photographers' booths and there, in full view of delegates and visitors, was the new man twitching his stockinged feet as they rested on the ledge. After that I stuck around until 2 a.m. to see that relaxing went just so far!"

BUCK ROGERS' PUBLIC AT LAKE SUCCESS

It's blonde, well-tailored Miss Janet Lewis' job as a member of the Educational Liaison Staff at UN to take student groups on "briefing tours" of Headquarters. In the course of nearly two years' service, the public has provided her with piquant moments. Her favorite concerns her youngest flock—all fourth graders; all more up on their "comic" books than UN. They were mildly interested in the Security Council and the Economic and Social Council, but the Simultaneous Interpretation System fascinated them. As all visitors to Lake Success know (in a chamber so equipped), attached to each chair are wires running up the legs, earphones, switches—leading directly to the interpreters' booths. A pig-tailed 10-year-old stood transfixed. "What's that—the electric chair?"

ONE SUITCASE THAT CONTAINED NO BOMB

One of the duties of the Security Council guards is to inspect suspicious looking articles brought into this historic chamber. Not long since on a busy day, a character came along, carrying a large suitcase. Requested to open it, he overdid compliance—simply turned the opened luggage upside down, blocking the entrance with a large collection of soiled work-clothes, underwear, shoes, socks and the remains of what must have been a hearty lunch.

EVELYN G. KESSEL

EDITORIAL BY LOUIS DOLIVET
International Editor

Berlin's only Open Road

THE UN

It was a grievous political mistake and a strategic error for the Soviet Union to have proclaimed a total land blockade of Berlin. A political mistake because it identifies Russia in the eyes of a great part of the world as a threat to the peace. A strategic error, for—short of war—Russia cannot close off the air access to Berlin. Meantime it endowed the West's air fleets with the continuing opportunity to demonstrate their spectacular efficiency by bringing to Berlin daily many hundreds of tons of food.

The foregoing judgment is shared by leaders in the UN and in the field of world diplomacy in general. It does not mean that the other major actor in the all-but-suicidal drama of Berlin—the United States—is considered innocent of all error.

True the US has won full co-operation from Great Britain. But it has obtained only a reluctant acquiescence from France. And it has failed to galvanize international public opinion into support of its stand.

Above all, the US failed to disentangle itself and its western allies from the coils created by the Potsdam agreement. In the international chess game the opposition provided the USSR with a gambit by which it could—and did—counter the western demand for direct negotiations on Berlin with its own demand for negotiations on the fate of all Germany.

The common man in Europe has no eagerness to fight a war over the issue of free access to—or exit from—Berlin. A black curse hangs over the name of that city. From it have come the terrors of conquest—Prussianism, Bismarckism, Kaiserism and Hitlerism. Western leaders can explain endlessly—over the radio, in the press and at meetings—that the issue is not Berlin but all Europe. And yet the people will still be averse to risking existence for a city that is synonymous with blood guilt.

Is there any solution to the crisis that has been created by the mistakes of the two great powers. There are two.

One is for the West to accept the Soviet demand for over-all negotiations on the fate of Germany, and once more try to work out a solution in the spirit of the Potsdam agreement. But such negotiations are certain to be difficult in the present atmosphere of extreme tension reigning in and around Berlin and in the existing frame-work of East-West relations.

The second more feasible way out of the present dilemma is for an appeal to the United Nations to start the procedures of pacific settlement of disputes provided for in Articles 33 to 38 of the Charter.

One could argue that the Charter has explicitly excluded the UN (Article 107) from actions which refer to former enemy states. Yet this action would not concern a former enemy state, but the two most important members of the UN, the US and the USSR.

The UN is the only authority which gives each opponent a chance to make concessions without losing face. For it should never be forgotten that acquiescence by any country after a UN decision adds to its stature instead of reducing it.

The UN has greater promise of success today than ever before. It has just come out of the delicate Palestine situation with prestige and power enhanced. Before Palestine, the Council accomplished the peaceful withdrawal of Soviet troops from Iran; the establishment of the independence of Syria and Lebanon; the precarious but nevertheless continuing *modus vivendi* between the Dutch Government and the Indonesian Republic; the temporizing influence in Greece through the Balkan Commission; and finally the UN Commission in Kashmir which is about to begin operation to settle the conflict betwen Pakistan and India.

Nothing could promise more for the peace of the world than a UN success in the Berlin crisis.

So important is it that the UN be given the challenge and the opportunity of settling the Berlin crisis that—if no member initiates the action—then it is the imperative duty of the Secretary General to bring it before the Security Council.

The authority is clearly his—and the responsibility. Article 99 of the Charter of the UN states clearly that the Secretary General is authorized to "bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security."

As guardian of the highest office of the 58 United Nations, Mr. Trygve Lie must act—act with the forthrightness that characterized his Harvard speech, act with the imagination which enlisted the UN Palestine Guard, act by putting the Berlin problem on the Security Council agenda—whether the USSR and the US like it or not.

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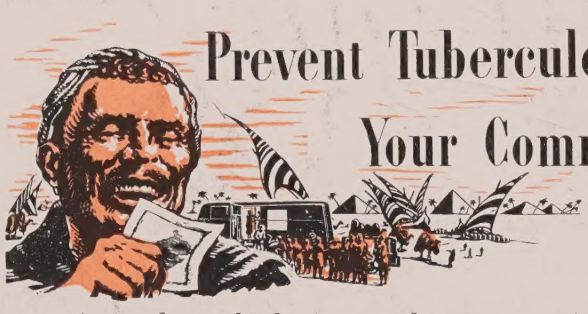
HOW WESTINGHOUSE CAN HELP

Prevent Tuberculosis in Your Community



A tested way for business and government leaders to organize their towns and cities for protection

This year tuberculosis will kill 6,000,000 people . . . 33⅓% more than World War II battle deaths among all the United Nations.* Yet such losses can be controlled. Leaders in every community can eventually stop this scourge by cooperating with their own public health services in taking these four steps:

1. X-RAY EXAMINATION of all workers and of all people hospitalized for any cause. This assures early detection and prompt treatment of the disease.

2. ISOLATION AND CARE of tubercular individuals in sanatoria, rest homes or camps. This step not only insures proper care of patients but protects others from infection.

3. ECONOMIC ASSISTANCE for patients and their families during long convalescent periods. This encourages patients to continue treatment until fully cured.

4. REHABILITATION HELP. After cure, patients often require different or lighter work. Training and assistance in finding suitable work helps keep them well.

Experience shows that to make these 4 steps work, each community must help with its own leadership, facilities and funds. Success depends not only on medical groups but on the cooperation of labor, management, welfare and civic organizations.

To obtain such local action, a plan has been developed and tested by the U.S. Public Health Service. In the public interest this plan has been condensed by Westinghouse into a 12-page booklet available to anyone anywhere. The booklet contains all the facts you need to start your Community's fight against this dread disease. Simply ask the nearest Westinghouse distributor for your copy of Booklet Int. 541-E "Prevent Tuberculosis in Your Community" . . . or write Westinghouse Electric International Company, 40 Wall St., New York 5, U.S.A.

This advertisement, one of a series, tells only part of a far larger story. For many years we at Westinghouse, who are your friends and neighbors, have served the world electrically. But today our more important mission is to use not only our electrical products, but our resources, our facilities and our counsel in helping to rebuild world economies.

**Source. Estimated from United Nations and U. S. Public Health Reports.*

Westinghouse *Electrical Products for World Progress*

During the month of August more than 20,000,000 people in all parts of the world will read public-spirited messages similar to the one at left. These advertisements, sponsored by Westinghouse Electric International Company, will appear in forty leading international magazines and in the newspapers of many countries every month during the last half of 1948, and are expected to inspire greater confidence in the U. S. system of free enterprise with examples of American industry at work.

Primarily the advertisements have been written to appeal to government and business leaders and utilize the theme "How Westinghouse Can Help" to remind them of what Westinghouse is doing and what it can do to help their countries industrialize and sell products to the United States.

Talking to these men about their own national problems, and in their own language—all advertisements will be printed in the four major business languages—will direct world-wide attention to the desire of American industry to do its part in the building of a better world.